

A mission for social change

By Alison Maitland

Published: March 28 2010 15:51 | Last updated: March 28 2010 15:51

[Print](#)

Facing the future: Mercedes Canalda and Karim Fanous

Mercedes Canalda de Beras-Goico faces a balancing act familiar to many leaders of growing businesses: how to manage rapid expansion while staying close to her core clients. Unlike most business leaders, however, her largely female customers are poor, rural entrepreneurs.

Ms Canalda runs Adopem, a prominent microfinance institution in the Dominican Republic, in the Caribbean. Her 550 employees handle small loans averaging \$425 for 115,000 clients, whose everyday struggles are to make a living, feed their families, educate their children and stave off ill-health.

It is business with a mission for social change. "We need to have a direct impact on our clients, changing their mentality and encouraging a commitment to a better standard of life and a culture of saving rather than spending," she says.

Ms Canalda is one of 23 senior executives from round the world who this month attended the first advanced leadership course specially designed for the expanding microfinance industry at [Wharton's](#) Aresty Institute for Executive Education.

The one-week workshop, run in partnership with Women's World Banking (WWB), a New York-based global network of microfinance providers, gives executives an opportunity to focus on strategic thinking, scenario planning, talent development, risk management and personal leadership skills.

"I was asking so many questions about how to be a better leader and to empower others," enthuses Ms Canalda, a 44-year-old economist who used to work at the Dominican Central Bank. "One of the keys is good communication. Sometimes, as a leader who is full of energy and passion, you need to make the effort to listen to people, rather than just talking and talking. I also feel sometimes that I concentrate too much on administrative things. I have to think more globally and more about the future."

Adopem, founded as a non-profit almost 30 years ago by her mother, who remains president, has grown rapidly since being granted commercial bank status in 2004. It has a \$50m loan portfolio and also handles savings for 135,000 people.

She is the kind of innovative, committed leader that microfinance institutions need, says Mary Ellen Iskenderian, president and chief executive of WWB. With the influx of commercial and institutional funds into microfinance, the industry has become more professional, but this has raised concerns about possible "mission drift", whereby pressure to generate profits dilutes the aim of poverty alleviation.

"It's not going to be enough for microfinance leaders to exhibit the same leadership skills that leaders of other financial institutions might have," says Ms Iskenderian. "They have to lead high-performing, sustainable institutions and they must also be able to retain that social mission that the businesses started with."

The industry is suffering from a dearth of qualified managers, and women managers in particular, to lead institutions through this period of rapid change and growth, she says. This prompted WWB to establish a Center for Microfinance Leadership, which also runs courses for women in leadership and for middle managers.

There is a "dramatic fall-off" of women in senior positions as institutions grow, become more complex and attract mainstream bankers and finance people, who are more often men, into senior jobs, she says.

Running through the Wharton course is the theme that decision-making is improved by having different perspectives around the table. "The aim is to build meritocratic, principled leaders who understand the value of diversity," says Ms Iskenderian. "Sixty-two per cent of microfinance clients are women and there is a need for a mirroring of women in management."

Ensuring that women do not lose out in access to microfinance as institutions grow is vital, she argues. "There are 30 years of data showing that women put more of their loans than men do into education, healthcare and nutrition, that their children stay in school longer and have longer life expectancy."

Small loans can be hugely empowering for poor women in developing countries, because it may be the first money they have had in their own name to use to support their own and their families' lives. Female loan officers and figures of authority represent important role models.

Ms Iskenderian says she was struck by how many of the executives on the Wharton course had built meetings with clients into their schedules. "Monthly management meetings are held in the branches and the clients are there," she says. "It's a high-touch business with high operating costs because of this very deep relationship with the client."

The first workshop had roughly equal numbers of male and female participants. One of the men was Karim Fanous, executive director of the Lead Foundation, an Egyptian non-profit organisation providing microfinance for poor and low-income entrepreneurs, more than 80 per cent of them women.

He believes it is good but "not absolutely necessary" to have a gender mix in microfinance leadership. "If we're focused on women, it helps to have a higher content of women in senior management. I believe we need a balanced structure of gender, expertise and education."

Coming from a mainstream banking and consultancy background, Mr Fanous says he has been won over to the microfinance cause and has never looked back.

He oversaw phenomenal growth at Lead until the economic crisis caused the pace to slow last year. The institution, founded six years ago, has 900 employees serving 178,000 active clients.

He says the importance of good communication is one of the main messages he has taken from the course – not least in order to attract high-calibre people who will be willing to make their careers in the industry. "I will make sure that [communication] is a built-in feature of every decision we take and move we make," he says. "We need to raise awareness about what microfinance is, how it impacts so many people and how it's absolutely vital. People need to know these are professionally run institutions with a social mission."

Executive workshops

The Wharton course is aimed at senior executives of the world's 200 largest microfinance institutions. The goal is for 225 executives to go through the twice-yearly workshops, which are funded by a three-year, \$3.5m grant from the Mastercard Foundation. At least 100 participants will be women.

Initial signs are that participants in this month's advanced course enjoyed it and found it challenging, giving it a score of 4.8 out of five, says Wharton's Monica McGrath, joint academic director of the course with Dana Kaminstein.

The programme had to be designed for executives with widely varying experience and cultural backgrounds, she says. Some participants led organisations of 7,000 employees, others of 10. Some had long experience of microfinance, while others had far less but brought substantial experience of mainstream business.

"We used an action learning design and small groups worked to address questions specifically related to the industry challenges," says Ms McGrath.

These industry challenges include increased scrutiny and questioning of its effectiveness in alleviating poverty; the impact of technology on the delivery of microfinance; and developing the skills needed to manage donors, bankers and regulators and to build able, committed teams.

Wharton's partner, Women's World Banking, is also working with five microfinance institutions to turn them into models of leadership development and gender diversity. It has created an "organisational gender assessment" methodology to diagnose internal policies and processes that may impede the recruitment, retention and promotion of women. It assists them with redesigning policies and practices where necessary.



Copyright The Financial Times Limited 2010. Print a single copy of this article for personal use. [Contact us](#) if you wish to print more to distribute to others.

"FT" and "Financial Times" are trademarks of the Financial Times. [Privacy policy](#) | [Terms](#)
© Copyright [The Financial Times Ltd](#) 2010.