Learning from Africa!
Frank Kretzschmar is specialized in developing the quality of courage in leaders and on building resiliency within teams and organizations. In doing so his consulting engagement includes diverse areas such as: strategic alignment, leadership-assessment and -development and change management including conflict management and crisis management during change processes as well as executive coaching and training.

Prior to founding Stepwise Management®, Frank was the HRD-Director at KfW (Kreditanstalt für Wiederaufbau - Bank for Re-construction) in charge of HR Development and Change Management. Between 1998 and 2002 Frank was head of the HR Development at Alte Leipziger Unternehmensverbund, responsible for the HR development restructuring and repositioning as well as strategy development. During his career at Alte Leipziger Frank developed and implemented a number of change initiatives (e.g. scorecard, appraisal system and MbO). Other examples of his work include Citibank Privatkunden AG, where he was HR Manager. He was involved in restructuring, branches number downsizing, leadership recruitment and performance management. Prior to 1998 Frank was a senior consultant at ODI-Baumgartner specialised in Total Quality Management, Change Management and strategic HR-Management.

Past and Current Clients include:
Agilent Technologies, Akiba Commercial Bank (Tanzania), Amadeus Germany, Baker Hughes Inteq, BMW, Bosch Siemens Hausgeräte (Germany and North Europe), DFID (UK, Kenya), DSM (Switzerland), Equity Bank (Kenya), Electrolux, Fortisnova BKK, General Cologne Re, Grundig Akademie, HELLA, Kirche Essen, KNP BT (Netherlands), Lease Plan, Lufthansa, Management Center Innsbruck (Austria), Mercer Delta, Microsave (Kenya), Microsoft Germany, Ministère l’Éducation de Luxembourg, Roche Diagnostics, Robert Bosch GmbH, SKF (Germany and Austria), Siemens Nixdorf, Swisscontact, Virbac, Walter Bau, Wayss & Freytag.

Education:
After graduating in Industrial- and Clinical Psychology and Economics at the University of Mannheim, Frank went on studying applied Gestalt Psychology for Human Resources and Organisational Development at the Fritz Pearls Institute. Frank was a student assistant at the Centre for Methods, Analysis and Surveys in Mannheim and he is a certified counsellor of the German Society for Supervision (DGSV), of EFQM and MMOT (Robert Fritz). Besides German as mother tongue, Frank is fluent in English and he has a basic knowledge of French and Greek.

Personal Information: Frank lives with his family in Wachenheim, near Heidelberg, Germany.
Preface

Since February 2004 until August 2006 I have been to Africa twenty-four times (Kenya, Tanzania and Uganda). It was my job to export management know-how, especially about change management. The experience with my African colleagues has opened new perspectives and brought new inspiration and topics to think about. In Africa, we can see lived values, which in our own every day business activities are not very present anymore and even partly forgotten. From my time in Africa I have learned how important and valuable it can be to benefit from these apparently conservative values and how to use them in consulting and interventions in Germany.

And yet another important experience: at first, my African clients expected completely new and complicated management methods from the “muzungu” (white man). But then together we saw that many management methods either have their origins in Africa or are directly related to strengths and traditions found in African culture.

My colleagues Dirk Jung, Ralph Engelmann, Barbara Nussbaum, Margareth Wheatley and Robert Fritz went through similar experiences. We talked about the deep wisdom of the Africans we met within our work in what is commonly referred to as the “third world”. Robert Fritz respectfully chose the word “innocent” to describe these people.

Learning from Africa means we should consider reviving values, attitudes and characteristics too often forgotten, such as community, solidarity, collectivism, legitimization for leadership, respect of elders, religious piety, spirituality and adopting a certain rhythm of work.
Content

Kenya – Karibuni

Equity Bank Ltd. – Banking for our people

First impression: They are black and we are white. So, we are brothers!

The Community Culture and the Power of Alignment

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African Principles and cultural schemes of consulting

1. The meaning of emotions and appreciation
2. Behaving in good spirit is always important: Praying, singing and lots of laughter
3. Time Management: event driven instead of process driven
4. “You are our brother!” – The role of the consultant: performance management and mentoring … the African way
5. Diversity: patriarchy and women in top management
6. Dance with the Gorilla! Energy management in change management processes: speeding up and breaking

Learning from Africa - a conclusion

Equity Bank Ltd. 2003-2006: numbers, data, facts
Market – Markets – Performance - Hope
Kenya Karibuni

<table>
<thead>
<tr>
<th>Population</th>
<th>33 million people</th>
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<tbody>
<tr>
<td>Labour force</td>
<td>14 million people</td>
</tr>
<tr>
<td>Unemployed</td>
<td>4 out of 6 people</td>
</tr>
<tr>
<td>National poverty level</td>
<td>56%</td>
</tr>
<tr>
<td>Rural Poverty level</td>
<td>62%</td>
</tr>
<tr>
<td>Ranking in poverty</td>
<td>among the 10 poorest countries in the world</td>
</tr>
<tr>
<td>GDP distribution</td>
<td>2nd worst in the world</td>
</tr>
<tr>
<td>Population growth rate</td>
<td>2.5%</td>
</tr>
<tr>
<td>GDP growth rate</td>
<td>1.1% (year 2002)</td>
</tr>
<tr>
<td>Life expectancy at birth</td>
<td>50 years males/ 49 years females</td>
</tr>
<tr>
<td>HIV Infection</td>
<td>2,500,000 (end 2001)</td>
</tr>
<tr>
<td>Language</td>
<td>Kisuahele, English</td>
</tr>
<tr>
<td>Kenya has prolonged recession over the last decade</td>
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IMF and World Bank suspended aid since 1993
Managing Change and Growth
Case Study: Equity Bank Ltd.- The biggest Microfinance Bank of Africa

April 2007
In 2006 EBL

...has received the COYA trophy for the best bank in Corporate planning

...was rated as the 3rd best bank in Kenya

...was the best bank in retail banking in Kenya

...was the fastest growing bank in Kenya

...is the biggest bank in terms of customer base in Kenya
OLD KIRIAINI BRANCH

1994 – That’s how it all began!

EQUITY BUILDING SOCIETY
## MISSION

We mobilize resources and offer credit to maximize value and economically empower the micro-finance clients by offering customer-focused quality financial services.

## VISION

“…to be the preferred Micro Finance services provider contributing to the economic prosperity of Africa…”

## LOAN PRODUCTS

Social Loans, (e.g. Medical, Education, Emergency), Working Nation Loans, Agricultural Loans, Supporting Commerce, Trade and Industry (e.g. Micro Loans, Business Loans)

## CLIENTS

Small-scale commercial farmers
Salary & wage workers
Micro-enterprises
Small & Medium enterprises
Equity Bank Ltd. Is respected worldwide because of its growth and success

<table>
<thead>
<tr>
<th>UN Advisors-HRH Princess Máxima of the Netherlands, Mr Diederik Laman Trip Chairman of ING Netherlands, Marilou van Golstein Brouwers MD, Triodos International Fund Management Zeist, The Netherlands and Equity CEO, Directors &amp; Management on her visit on 25th Feb 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Nations First Lady Nane Annan, wife of U.N Secretary General Kofi Annan honors Equity with a State Visit June 2004</td>
</tr>
<tr>
<td>World Women Bank President Nancy Barry congratulating Equity on its success on reaching the ‘unbanked’ population</td>
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</table>
First impression:
They are black and we are white.
So, we are brothers!

I had never been to Africa until 2004. Then I was asked if I would consider supporting the management team of a building society in Kenya in optimizing and managing the bank’s growth -including the needed change processes. I agreed to a one week stay in February 2004, so as to get to know the people involved and make an assessment of the situation, with a view to launching a project. The first thing I thought when I saw the two board members was: “Oh my God, how black they are!”

Following this meeting came days of close cooperation, interviews and focus groups with managers; visiting many branches; exchanges with those responsible for initial results of my analysis; drafts of the project design; and buy-in of management and of stakeholders. For days, I did not see any white man, but working with the management I quickly forgot that I was white. In the evening, when I entered the hotel and looked in the mirror I was astounded: Who is that? Such white skin! For the first time in my life I realized that I was white.

From that moment I knew: colour will not be significant for this team. We were all fascinated by the challenge we were facing. That’s what held us together. They are black and we are white. So, we are brothers!
Challenges at the beginning of the project in February 2004

1. Equity Building Society undergoes extremely high growth dynamic

2. Employees and managers show high energy and motivation to promote the success of the company.

3. At this point, however, the new management team is not prepared to manage the speed of growth as it were necessary. Above all, the needed alignment and empowerment were missing. That implies:

   • Improving policies & procedures
   • Teambuilding and coaching of the management
   • Developing ownership in the management team and in the company of the coming process of growth and change
   • Operationalising the mission and vision – development of a change scorecard
   • Implementing improvement teams
   • Monitoring and evaluating the change-scorecard
The high growth dynamic

Even the newly opened branches are crowded – six days a week!!
Community Culture and the Power of Alignment (1)

Picture: Alignment Modell, Labovitz G. et al.
Community Culture and the Power of Alignment (2)

Vision/Mission

Critical Success Factors

Stretchgoals

Measures/Targets

Activities

Picture: Structure Tree, Labovitz G. et al.
The Management Team develops a picture of the company: Vivid – touchable – transparent
Management full of power of persuasion
Back to the roots: Balanced Scorecard, World Café and Storytelling (1)

With back to the roots we mean two things: roots of effective management methods such as storytelling, World Café and tribal goals on the one hand, and the powerful roots (vision) of the scorecard of Equity on the other.

“Every beginning is full of enchantment...” There was a new beginning that late evening in March 2004 when the Management Team wrote Equity’s vision: We want “to be the preferred microfinance services provider, contributing to the economic prosperity of Africa”. We were all deeply impressed by the power and energy of this sentence.

To operationalize the Vision and Mission, the Kenyans built an impressive change scorecard (Balanced Scorecard). With their high personal commitment and their competence they are in no way behind senior European teams. The ten members of the management team were able to awaken and getting to move the whole organization with their energy and team spirit. One of the deputy branch managers said to me:"Frank, before you came we just went to work to do our work. Now we go to work to achieve our goals. Please make sure we have goals all the time."

To spread the news we chose the format of “World Café” and “Storytelling” format. In this way the Scorecard entered heads and hearts of all the people working for Equity.
World Café and Storytelling
Back to the roots: Balanced Scorecard, WorldCafé and Storytelling (2)

How to explain World Café the African way? The CEO’s Personal Assistant said to the employees: “Later on we will do what we have always done in our village when we get important news. We will meet under a tree, have a cup of tea and talk about everything in peace and quiet.” Of course, the Kenyans immediately loved the “World Café” right away. Today, the “Café” is a center of company communication for Equity Bank.

It was the same with storytelling. This is a very traditional form of learning and conveying news. If you use the art of storytelling and listening in your life, you will know how vivid, impressive and unforgettable this way of conveying news is. People in Africa don’t need to attend classes to learn about storytelling. They simply tell the story and everybody listens.

Inspired by Africa we have founded the Deidesheimer Kreis for board members and entrepreneurs in Germany. We meet twice a year with a Rungu (Talking Stick), tell stories and enjoy the inspiration it conveys.

The cascading of the operationalized Mission and Vision took nearly six weeks. The branches spent the after work hours in the World Café, which was located in the cashiers’ hall. The employees met from 7 to 8 in the morning to make action plans for achieving their goals. As a consequence of this high involvement, new branches often managed to break even in less than six months.
February 2004
Needs Analysis on change management in the organization
Formation of the a Cross-Functional Change Management

March / April 2004
Review of the Mission and Vision
Development of the 8 Critical Success Factors
Training the Change Management Team in Leadership for Change

May / June 2004
Operationalize the Mission and Vision through the use of the Structure Tree tool
Introduction of the World Café process of presentation.

July 2004
Intensive training on presentation skills to managers and officers.
Indepth understanding of the Critical Success Factors

August 2004
Presentations to the directors and development partners.
Training of management to facilitate improvement teams

September 2004
Cascaded to 100% staff
Training of Branch Managers in Leadership for Change

October 2004
Transformation Process begins
Development of a new name, new logo and new colors

November 2004
Including CSFs in staff Job Descriptions.
Training in leadership skills development, problem solving teams

December 2004
Review of the CSFs upon conversion
Presentations to the board of directors.

February 2005
Celebrate one year since introduction of the project.

March 2005
Review of the CSFs gaps
Sharing with 100% staff at Safari Park

April 2005
Review of the CSFs by the Area Managers

May 2005
Quality Management Training for Assistant managers and officers

July 2005
Review of the CSFs to share with staff in the CEOs bulletin.
ToT for Quality Management

Continue 2006
...
African principles and cultural consulting schemes (1)

Security and kind-heartedness – The importance of emotions and appreciation

Workshops in Africa begin completely differently from those held in Germany and other parts of Europe. Consultants who start their workshops immediately with the agenda will be faced with a difficult start or no start at all. All of a sudden there is silence – no reaction. That’s how it was in one of my first workshops: I looked into blank faces, I asked questions and didn’t get an answer. I very quickly learned from a colleague that first, you must tell a personal story, about far away Germany with its low temperatures, about your family, children and granddaughter. Then, you have to address each participant, ask about their family and so on.

This small-talk, getting accustomed to the situation and to each other, may well take half an hour. But this is time very well invested that can be compensated for later on: everyone wishes to feel part of the community that accepts the individual wholeheartedly.
Security and kind-heartedness – The importance of emotions and appreciation
**African principles and cultural consulting schemes (2)**

Behaving in good spirit is always important: praying, singing and lots of laughter

Kenyans are very religious and spiritual people who live their faith in public and at work. Good conferences, training sessions and workshops in the Equity Bank begin and end with a prayer. More often people sing. And it is very important to “escape” from the agenda a few times per day to relax and have fun, to laugh together. My repertoire of icebreakers has increased incredibly in the last few months. It is definitely worth allowing space for these wonderful, simple and powerful rituals.
African principles and cultural consulting schemes (3)

Time Management: event driven instead of process driven

For European and especially for German minds the Kenyan understanding of being on time is a real challenge. A lot of learning was needed both on the consultant’s side and on the Kenyan colleague’s side. Even if the first participant arrives at 8 AM it may take half a day until the group is complete. Workshops are community events, which means that the clan comes together. Some of the participants have a long distance to travel. What is important is that everybody looks forward to getting together. When all the participants have arrived, you can begin with the warming-up phase mentioned above. Only then does the workshop really “begin”.

As a Muzungu consultant it doesn’t make sense at all to fight against this kind of time-management. You are dealing with a behavior which has been practised for hundreds of years. For me, this was very hard. What helps is to trust in those you are working with. And indeed the instinct of community and the pride and ambition of the group have always led to the accomplishment of the goals.
African principles and cultural consulting schemes (4)

“You are our brother!” – The role of the consultant: performance management and mentoring…the African way

When my Kenyan colleagues realized how the change process made them stronger I experienced a special form of appreciation: You are our brother! Only very few white people are honoured with being called “brother” and made part of the community. What goes with this is the expectation that you will behave appropriately: in the community you absolutely do not give feedback to older employees or those with a high position in the organisation. But this is exactly the consultant’s job: “Feedback is the breakfast of the champion!” Winston Churchill is supposed to have said this. Even if British colonialism was not such a good period for Kenya, Kenyans are often more British than the British themselves. So we managed to make Churchill’s quote acceptable at Equity Bank. Contrary to African tradition, a concise feedback culture gradually came into being. The change scorecard was the reason for starting to give honest and open feedback, both cross-hierarchal and cross-functional. The human resource department took this opportunity to drastically extend job-rotation and mentoring.

Appreciation and respecting the elder as a cultural phenomenon

I realized how much this attitude determines actions when I discussed the profiles for the Heads of Branches. We rated the managers through profiles bearing in mind their performance levels and their career potential. As usual, there were a few managers whose performance and career potential was low. But management refused to dismiss these long-serving managers. Rather, they supported them by aligning them with a high potential employee. It was respect for their age and for their common history within the company that protected them.

In a one-to-one discussion the CEO explained the procedure to the managers and thus made certain that nobody lost face. The employees, who were supporting their managers, showed a high sense of responsibility and enjoyed the freedom and challenge to prove themselves.
African principles and cultural consulting schemes (5)

Diversity: patriarchy and women in top management

When I started my consulting at Equity there was only one woman in top management, the HR Director. During my first trips I quickly realized that women at Equity were by far more reliable than many of their male colleagues. We discussed this topic with the management. In addition I asked the question: who takes care of the money in Kenyan households? And of course the answer was: women. (Even the men said so.) So, if in an ordinary Kenyan household women take care of the money, to whom would Kenyans be more likely to entrust their money, a bank with women in its management, or a management consisting of men only? As a consequence of this discussion nearly 30 % of the management team are women now. And there was no special training necessary. Enlightened self-interest and common sense were enough.
African principles and cultural consulting schemes (6)

Dance with the Gorilla! Energy management in change management processes: Speeding up and braking

There is a saying in change management: Once you start a change management process you will not be able to stop it, because a momentum comparable to a dance with a gorilla has been created. Once the dance with the gorilla has started, who decides to stop? You or the gorilla?

The phase of making the company sensitive and aligning activities worked out perfectly in this project. The CEO was so impressed that he once asked me: “Can employees also get overempowered?” Since all employees had focussed their activities on the change scorecard, all activities were well aligned and there was no reason to worry.

In the third phase, acceleration and self-organization, it was important (and also challenging) to slow down the change process. In late 2005, Equity Bank was changing its IT structure and was also preparing for an Initial Public Offering (IPO). The work for these projects lead to valuable consolidation.

When these projects were finished, employees and managers speed up the process of growth and change again. They are working towards their goal of providing their country with an effective financial structure and fulfilling their vision: to be the preferred micro finance services provider contributing to the economic prosperity of Africa."
Dancing with the Gorilla! Energy management within change processes. Speed up and slow down.
Learning from Africa – A conclusion

We learned from Africa to look twice and to think more about what we in the West tend to call “old-fashioned” just because it has its origins in an age of large families, community life and work sharing. Everyone is part of the community. In the long run, you can only reach high speed and top performance, when everyone contributes to a commonly shared goal. We can learn much more from each other than we think.

The Africans learn that they can proudly transfer their culture into the modern management world: the power that well rooted, collective goals (Scorecards) evoke, as well as storytelling and the World Café (for cascading and implementing the strategy), and African Performance Management (Mentoring). Especially at the beginning of the project the spontaneous reaction of African colleagues was: “We see the demystification of the term Change Management”. Against all expectations, it was the goodness of the African culture that was responsible for the success of the project.

As a German I sometimes envied the ease and determination with which Kenyans could accept the interventions once trust was established and once they realized that good management of small African communities and modern management techniques fit well together.
### Financial Highlights

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<tr>
<th></th>
<th>2003</th>
<th>2006</th>
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<tbody>
<tr>
<td>Growth Number of Deposit Clients</td>
<td>252.000</td>
<td>1.014.000</td>
</tr>
<tr>
<td>Growth volume in customer deposits</td>
<td>3.369 Million Ksh</td>
<td>16.337 Million Ksh</td>
</tr>
<tr>
<td>Growth in loan portfolio</td>
<td>1.734 Million Ksh</td>
<td>11.428 Million Ksh</td>
</tr>
<tr>
<td>Growth in profits</td>
<td>97 Million Ksh</td>
<td>1.1093 Million Ksh</td>
</tr>
<tr>
<td>Growth in staff</td>
<td>354</td>
<td>1394</td>
</tr>
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</table>

In 2006 EBL was received the COYA trophy for the best bank in Corporate planning and was rated as the 3rd best bank, the best bank in retail banking and the fastest growing bank in Kenya.
During the first year of working with Frank, we managed to maintain our compounded annual growth rate of 70% on Total Assets, Loans, Deposits and Profitability. Staff increased from 354 to 582 and Equity converted from a Building Society into a Commercial Bank. The number of customers increased from 252,000 to 413,000.

We are honored to have worked with Frank and in general Stepwise Management Consultants who now share the pride of a successful conversion.

James Mwangi
Chief Executive
This presentation is dedicated to the project partners of Stepwise Management®, especially to those colleagues of Denkmodell, Swisscontact, DFID, Microsave and of course the Management Team and all employees and customers of Equity Bank Ltd.
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