

lending,
learning,
leading

developing results-based
leaders in opportunity finance

five core competencies
of results-based leadership:

be results based and
data driven

bring attention to and
act on disparities

use the self as an
instrument of change

master the skills of
“adaptive leadership”

collaborate with others

ABOUT THE ANNIE E. CASEY FOUNDATION

The Annie E. Casey Foundation is a private philanthropy that creates a brighter future for the nation's children by developing solutions to strengthen families, build paths to economic opportunity and transform struggling communities into safer and healthier places to live, work and grow.

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Introduction

In San Francisco, the Northern California Community Loan Fund (NCCLF) has developed a new tool to measure how its loans contribute to increased opportunity for people of color and low-income communities. In Jackson, Mississippi, Hope Enterprise Corporation (HOPE) is forging new partnerships with health organizations and schools across the mid-South to bring services and technology to places where it makes loans.



HOPE and NCCLF are among the community lending institutions embracing a new focus on results for children, families and communities, using tools of results-based leadership (RBL), the Annie E. Casey Foundation’s approach to leadership development for social change.

In 1998, the Casey Foundation authorized up to \$20 million of its endowment for program- and mission-related investments aimed at improving the lives of vulnerable children and their families. Today, the Foundation’s portfolio of social investments has grown to \$100 million, with the majority of those investments going to community development financial institutions (CDFIs) around the country. CDFIs are private financial institutions whose mission is to provide lending and financial services to people, businesses and communities that are traditionally underserved.

“Very early in the Foundation’s social investments work, it became crystal clear that CDFIs could be an important partner on the ground to help achieve the Casey mission,” said the Foundation’s Director of Social Investments Tracy Kartye. “These are mission-driven organizations making loans and providing other critical services in a very targeted way.”

With the Foundation’s growing investment came a need and an opportunity: to equip the CDFI field with the tools of results-based leadership. Over the past several years, the Foundation supported two cohorts of CDFI leaders to learn about and apply RBL. The following pages describe the lessons learned from Casey’s CDFI Leadership Learning Network, while sharing the RBL approach and stories of network participants as they apply the skills and tools they have learned to the work of their organizations. While these hands-on programs will not continue, the Foundation has gathered insights from them in the hope that organizations serving the CDFI field will embed the lessons in their own leadership programs.

This report is intended both for the CDFI industry and for anyone interested in deploying innovative leadership development models to strengthen performance and achieve results, particularly in the social sector.

The Leadership Need

Since joining the Casey Foundation in 2005, Kartye has traveled the country to visit with CDFIs in the Foundation's portfolio. During these site visits, she began to hear a familiar refrain from top CDFI leaders. "Many of these executive directors have been in the industry since it started in the 1970s, and they were starting to think about the next generation of leaders," Kartye said. "They wanted to build the leadership bench for their organizations. And they wanted to find ways to support talented, mid-career leaders to build the skills to carry on their important, mission-focused work."

At around the same time that Kartye was hearing CDFI leaders express their hopes and concerns about the industry's future leadership, she sat in on a presentation by the Casey Foundation's Leadership Development staff. In the presentation, Director of Leadership Development Barbara Squires talked about how her team was interested in designing customized leadership programs for cohorts of Casey grantees. Kartye approached Squires to suggest a leadership program for CDFIs in the Casey portfolio. After a meeting with CDFI leaders to gauge their interest, Casey convened the first cohort of the CDFI Leadership Learning Network in December 2013. The second and final cohort completed its work in October 2015.

Why CDFIs?

The CDFI industry faces a number of challenges and opportunities that made it a good candidate for targeted results-based leadership support:

INDUSTRY GROWTH. The industry has experienced tremendous growth since the nation's first CDFI, Chicago's South Shore Bank, formed in 1973 with the rallying cry, "Let's Change the World." CDFIs became critical players in supporting affordable housing and community development around the country, with federal legislation creating the CDFI Fund and the New Markets Tax Credit in the 1990s and early 2000s. Following the recession in 2008–2009, the federal government further expanded its support for CDFIs.

Today, the industry includes more than 900 banks, credit unions, loan funds and venture capital organizations working in primarily low-income communities across the nation. In 2013, the members of the Opportunity Finance Network, the leading CDFI industry group, provided \$3.6 billion in loans to low-income individuals and communities across the country.*

Over time, the industry has shifted from an original focus on creating housing and reducing homelessness to also providing microloans, small business loans and loans for community

* Opportunity Finance Network. (2015). Opportunity Finance Institutions: Side by Side, the annual OFN industry survey [Infographic]. Retrieved from <http://ofn.org/sites/default/files/resources/infographic/infographic.html>

facilities such as child care and health centers. An emerging priority is lending for healthy food networks and agriculture. Many CDFIs also provide an array of counseling and capacity-building services for small businesses and entrepreneurs, in addition to engaging in policy advocacy at the local, state and national levels.

The combination of industry growth and diversification of its products, services and programs has placed new demands on CDFI leaders at all levels. “Today’s CDFI leaders are dealing with a lot of complicated issues. They need to find the right balance between running these organizations as successful businesses and staying true to the mission of transforming communities, and that’s not easy,” said Mark Pinsky, CEO of the Opportunity Finance Network (OFN).

LEADERSHIP TRANSITION. Many industry pioneers and CDFI founders came of age as the industry was struggling to find its place in the 1970s and 1980s — and many are now considering retirement. For the most part, these original leaders learned on the job as they set out to marry their passion for community change with the task of creating and growing an entirely new industry. In contrast, many members of the next generation of CDFI leaders have advanced in their careers because of specialized expertise in lending, program administration or other aspects of the work.

“You have a significant number of dynamic and charismatic founding leaders who put their heart and soul into building their organizations and building the field,” said Adina Abramowitz, a former OFN executive and a consultant to CDFIs who helped the Casey Foundation shape the leadership program.

Abramowitz continued, “Now those senior leaders are in the process of turning things over to a new generation of people who are really good at the transactional side of the business. So a big part of supporting this new generation to succeed means connecting the transactional side of their work to the mission and vision that created the industry in the first place.”

ACCELERATING NEED. Even as the CDFI field has grown and expanded the products and services it offers to the primarily low-income communities it serves, those communities continue to face considerable challenges. Amid an uncertain economic recovery, data show persistently high levels of poverty and economic hardship among children and families across the country, with African-American and Latino populations facing disproportionately high levels of unemployment, low wages and poverty.

Against this backdrop, the work of CDFIs remains critically important. “These organizations are really at the front lines in reducing poverty and bringing opportunity and wealth to low-income communities,” said OFN’s Pinsky. “To the extent that we can support them and their leaders to do that work more effectively and get ever-improving results, then that’s going to make a big difference for people and communities across the country.”

Why Results-Based Leadership?

Since the start of its Children and Family Fellowship in 1993, the Casey Foundation has supported and overseen an array of leadership programs targeting the public and nonprofit sectors. While each program is tailored to the participants and the unique work they do, the overarching focus is the same: supporting leaders to get better results for children, families and communities.

Unlike many other leadership development programs for public sector and nonprofit professionals, RBL is not focused on developing participants' technical skills in areas such as finance, marketing or overall management. Instead, Casey's approach is designed to provide leaders with skills and tools to help them work collaboratively to make changes that will produce measurable results.

Results-based leadership builds five core competencies in leaders (see page 8) that allow them to effectively drive toward results. It is based on two foundational skills. Results-Based Accountability™ (RBA) is the practice of defining a result, engaging partners to achieve the result and holding individuals and the group accountable by using data to assess progress. Results Based Facilitation is a process for bringing groups together around these concepts so they can take concrete steps in close collaboration to produce the results they have set out to achieve together — a state known as high action and high alignment (see box on page 7).

Before launching the CDFI Leadership Learning Network, Casey had focused its RBL work primarily on social service agencies and nonprofit organizations. But the CDFI field of private financial institutions seemed from the start like a great fit for Casey's results-based approach.

“CDFIs are similar to many of the other organizations we work with in that they have a mission to help low-income communities,” said Squires. “Where they are different is in the fact that they operate as businesses.”

Squires added that the RBL model supports CDFI leaders to make sure their organizational missions don't fade into the background as they are making business decisions. For example, instead of rating loans solely on risk, RBL provides CDFI leaders with tools and techniques — and a leadership mindset — that helps them use data to assess the impact of their lending and other activities on outcomes for disadvantaged populations or communities. A core tenet of RBL is that leaders have to be accountable for two sets of results: 1) a result for a whole population that is achieved through the work of multiple partners and organizations (the population-level result); and 2) results for each leader and/or organization (program-level results).



“We see RBL as a great opportunity to help leaders in the CDFI industry figure out how to keep big-picture results for children and families at the center of their work and to answer the question, ‘What difference did you make for the kids and families you care about?’” Squires said.



Participants in the CDFI Leadership Learning Network report that the program helped them and their organizations get clearer on results. “Traditionally, we have used basic demographic data to show how many loans are going to minority- or women-owned businesses and things like that, but that doesn’t really tell you how well you are doing supporting those customers to succeed over the long term,” said Celina Peña, chief program officer with LiftFund. Now, Peña and her colleagues are exploring new ways to measure impact on the populations and the communities they serve (see page 12).

Andrew Baldwin, director of loan originations with the Corporation for Supportive Housing (CSH), added, “CDFIs are mission-driven organizations. But because we are also financial organizations, there is a natural tendency to focus on financial measures of return and risk. The RBA and RBL frames help you make sure you are not getting caught up in just loan volume or doing deals. Instead, it supports you to think more broadly about impact and what is in the best interest of your mission.”

An additional shift that RBL brings is the understanding that achieving a population-level result requires CDFIs to forge intentional partnerships with other organizations in the communities they serve. “One of the key innovations of this program is that it helps participants see that they don’t have to do all of the work themselves,” said Abramowitz. “It helps them get sharper about the contribution they can make toward the results they want, and how to align their work with external partners so everyone understands their complementary roles.”

“We see RBL as a great opportunity to help leaders in the CDFI industry figure out how to keep big-picture results for children and families at the center of their work and to answer the question, ‘What difference did you make for the kids and families you care about?’”

- BARBARA SQUIRES, DIRECTOR OF LEADERSHIP DEVELOPMENT

**working toward high action and high alignment:
a core RBL concept**

Participants in Casey's CDFI Leadership Learning Network learned about the importance of alignment with others in achieving a population-level result. A framework developed by the Results-Based Leadership Consortium demonstrates how leaders can determine when and whether they have reached a state of both high action and high alignment.

For more RBL tools, go to www.aecf.org.

Takes actions that contribute to results	HIGH	<p>High action, low alignment A leader working actively and independently to contribute to the result, but not reaching out to build relationships with others to achieve complementary efforts.</p> <ul style="list-style-type: none"> • A leader acting on his or her own agenda • A leader uninterested in adapting to maximize impact 	<p>High action, high alignment A leader with resilient relationships acting on collaborative decisions and being accountable for measurably improving results.</p> <ul style="list-style-type: none"> • A leader implementing shared strategies • A leader working to strengthen relationships 	
	LOW	<p>Low action, low alignment A leader observing what is going on and not building relationships or taking action that can contribute to the result.</p> <ul style="list-style-type: none"> • A leader sitting on the fence • A leader not connecting with others 	<p>Low action, high alignment A leader joining with others and fostering relationships, but not using the relationships to leverage contributions to the result.</p> <ul style="list-style-type: none"> • A leader not acting to implement strategies • A leader getting to know and connect with others 	
		LOW	Works to be in alignment with others	HIGH

The Structure of the Network

Like Casey's other leadership programs, the CDFI Leadership Learning Network was designed to help participants develop the five core competencies of results-based leadership:

- **BE results based and data driven**, establishing clear goals and using data to assess progress and change course as needed.
- **BRING attention to and act on disparities**, recognizing that race, class and culture affect outcomes and opportunities for vulnerable children.
- **USE the self as an instrument of change** to achieve a result, based on the belief that individual leaders are capable of leading from whatever position they hold.
- **MASTER the skills of "adaptive leadership,"** which makes leaders aware of the impact of values, habits, beliefs, attitudes and behaviors associated with taking action to improve results.
- **COLLABORATE with others**, understanding that the capacity to build consensus and make group decisions enables leaders to align their actions and move work forward to achieve results.

Each of the two cohorts in the CDFI Leadership Learning Network convened 12–15 leaders representing CDFIs in Casey's social investments portfolio. All participants were nominated by the executive directors of their organizations. The focus was on mid-career leaders who had five years or more of experience in the field, demonstrated leadership capacity and showed a passion for and a commitment to the industry and its role in improving results for children, families and communities.

In five seminars, including four at the Casey Foundation offices and one hosted in a different location by a CDFI organization, the leaders participated in a variety of exercises, discussions and projects aimed at supporting them to do three things:

1. **Strengthen the quality and effectiveness of their results work.**
2. **Increase the public and political will needed to decrease class, race and ethnic disparities and improve opportunity.**
3. **Develop stronger organizational and system-level consensus about the pathway to results.**

Participants engaged in self-assessment exercises such as Myers-Briggs Type Indicator (MBTI®) testing. They developed action plans for accelerating a result within their body of work. They learned about and practiced Results Based Facilitation so they could use those techniques at home to help move colleagues and partners to aligned action. And they used

data about the work of their organizations and the communities they serve to set targets, identify population- and program-level results and pinpoint the partnerships they needed to forge to get there.

The program also included one in-person site visit by Casey staff members and consultants to work with participants on applying RBL.

Casey designed the curriculum for the CDFI network based on input from industry leaders and with consulting support from Abramowitz. “The focus of this program was to provide participants with a very practical, hands-on education in results-based leadership so they can instantly apply those principles and practices to get better results,” Abramowitz said.

Lessons Learned

The CDFI Leadership Learning Network ended in the fall of 2015 as the second cohort of participants finished their year of work together. In the course of its work with the two cohorts, the Foundation learned several key lessons about how best to support leaders in the CDFI industry, as well as other fields, to get better results for those they serve. These include:

- **Focusing on population-level results can lead to greater impact for the CDFI field.** Participants in the network are changing how they and their organizations think about the difference their work makes. By identifying population-level results, they are achieving more clarity about the role their organizations play in getting to better outcomes for children, families and communities. They also are collaborating more effectively with partners who can work in high action and high alignment toward those results.
- **By using disaggregated data, CDFIs can target their work more effectively to reduce disparities.** Network participants are taking steps to disaggregate population-level data based on race, class, culture and other key factors. This helps them and their partners identify where there are disparities in opportunities and outcomes. The CDFI leaders and their partners can then design activities and strategies or strengthen existing approaches for reducing disparities and achieving their population-level results.
- **Leaders in the CDFI field (as in other fields) can lead effectively from whatever position they hold in their organizations.** Participants in the network were mostly mid-career professionals in their organizations. The network has provided them with the tools and skills to work more effectively in their roles to strengthen the culture of their organizations and get better results. They have learned key leadership behaviors that enable them to have the conversations they need with colleagues and partners to drive change.



- **The influence of leadership support increases exponentially when more than one leader from an organization takes part.** Several CDFIs enrolled more than one leader in the network. In each of these cases, leaders reported that having a colleague who has learned and practiced the same leadership skills was enormously helpful in driving change within their organizations. These leaders create an echo effect as they simultaneously bring new practices and behaviors to bear on the challenges and opportunities facing their organizations. (For example, see page 11 to learn how leaders from the Northern California Community Loan Fund worked together to develop a new tool to measure results.)
- **Leadership programs are more effective when they connect learning to real challenges facing participants in their work.** In the first cohort of the network, participants identified an organizational challenge that would be the focus of their applied work. For the second cohort, Casey had participants identify precise targets they could reach for specific programs or strategies adopted in the course of the year. Site visits by Casey staff and consultants supported participants in this applied work, helping to ensure that participants were translating what they learned to get better results.

In the following pages, we spotlight several participants in the network and how they and their organizations have benefited.



a new tool for measuring results at the northern california community loan fund

The Northern California Community Loan Fund (NCCLF) employs three graduates of the CDFI Leadership Learning Network. Their experience shows how results-based leadership can be a platform for action to broaden the difference an organization can make and lift its leaders' sights of what they can achieve.

Ross Culverwell, NCCLF's director of lending, and Lea Salem, its director of finance and administration, participated in the network's first cohort. The second included Catherine Howard, NCCLF's director of strategic initiatives. All three sit on the five-person management team for the organization and report directly to President Mary Rogier.

FOCUSING ON DISPARITIES

As part of the first cohort of the network, Culverwell was asked to identify an organizational challenge that would be the focus of his results-based work. A former analyst with Moody's Investors Service, he had for some time been interested in developing a rating system that would provide NCCLF with a better tool for gauging the difference made by the loans it makes. Inspired by the RBL competency to "bring attention to and act on disparities," Culverwell started brainstorming with colleagues about a rating system that would show how NCCLF loans to nonprofit organizations contribute to reductions in race and class disparities.

In late 2015, NCCLF will begin piloting the new rating system, which looks at data on four objective measures, including the degree to which a loan has a positive effect on people being served, based on their race, ethnicity and income level. "This will be a new tool for underwriting and will work in parallel with our risk rating so we can look at the social impact of what we do," Culverwell said.

Culverwell said that participating in the Casey CDFI network gave him the tools, skills and inspiration to spearhead NCCLF's development of the rating system. "The program was much more rigorous than any leadership training I had done before, and it was a lot more intentional about getting all of us to think about how to use data to drive improvement," he said.

REFRAMING A LENDING PROGRAM

Howard has been a key partner with Culverwell in moving the rating project forward. She also adopted a different focus for her year in the program. When she became director of strategic initiatives in early 2014, part of Howard's charge was to lead NCCLF's foray into food financing, which she originally envisioned as supporting retailers of

healthy foods in low-income communities. She saw the leadership program's assignment to develop and implement a "results action plan" as a perfect opportunity to move the food work closer to reality.

At the beginning of the Casey program in January 2015, Howard set a goal of having the food-finance program up and running by October of that year. She anticipated that NCCLF would make three loans to food organizations in that period. By the end of the 10 months that coincided with her participation in the learning network, NCCLF had made seven of these loans.

In partnership with colleagues, Howard also changed the scope of the food-financing work. The new focus: building "economic resiliency" by providing financing to small and emerging farm operations and food-related businesses in the agriculture-driven economies of the Central Valley and Central Coast areas of California.

"The food work is a big change for us," Howard said. NCCLF had been primarily focused on real-estate financing; this is its first foray into small business lending. "Casey provided the space and the tools to really think about what we wanted to accomplish through this work and the impact we wanted to have," she said.

Howard added that results-based leadership was a "perfect model" for thinking about how NCCLF could establish partnerships with others and work in high action and high alignment toward shared goals. Four of the seven original food loans were through a partnership with a smaller CDFI, California Farmlink, with expertise in working with small agriculture operations.

LEARNING — AND LEADING — TOGETHER

Culverwell, Howard and Salem all said that participating in the CDFI Leadership Learning Network has equipped and inspired them to make positive changes in how they lead and do their work. They also said that NCCLF's ability to make bigger organizational changes — adopting the rating system to track the difference it makes and launching its new food-financing program — is due in large part to the fact that the organization enrolled a core group of leaders in the program.

Said Salem: "We are a small management team, and the three of us have been able to bring this results-based leadership ethos back to the organization and work together to push the needle on how things are done here."



CELINA PEÑA

Chief Program Officer, LiftFund (San Antonio, Texas)



“Part of my results-based leadership journey has been to reflect on how we as a team continue to strive to have impact beyond the numbers, and to make sure we are supporting our clients’ overall financial and business well-being with our tools and expertise.”

PROFILE: As chief program officer with LiftFund, a nonprofit organization that works with small business owners that have limited access to capital, Celina Peña manages business education, software integration, business research and analytics and employee training. These functions play an increasingly critical role in ensuring that the Texas-based CDFI’s small business customers are able to be successful. “My role allows me to work with team members constantly to strengthen our ability to serve our clients,” she said.

LEADERSHIP CHALLENGE: LiftFund has experienced huge growth since Peña joined the team in 2010, with the staff expanding from 45 to 115 and annual lending surging to \$25 million. It now serves customers in 13 states. As the organization has grown and offered a broader portfolio of loans and related services to customers, Peña said she and her colleagues have been asking how they can better support their customers’ success, particularly at a time when those customers may have other options for finding “easy” credit and professional business services.

“Especially given our mission to provide capital to underserved populations, we increasingly are asking what is our value proposition in today’s economy and how are we staying responsive and relevant to our customers,” Peña said.

HOW SHE IS APPLYING RBL TOOLS, RESOURCES AND APPROACHES: Peña’s LiftFund colleague, Nelly Rojas-Moreno, participated in the first cohort of the CDFI learning network. As Peña joined the second cohort, she and several colleagues took the RBL direction to “be results based and data driven” to heart as they worked together on a deep dive into the data on LiftFund’s lending. “What we wanted to do was take a more rigorous approach to the impact numbers and see what they tell us about what we truly are doing for the populations we want to reach,” she said.

For example, Peña said LiftFund, like many CDFIs, traditionally has looked at the demographics of its loans in terms of the number of loans going to different target populations. But she and her team instead did an analysis of the total dollar amount of loans. This allowed LiftFund leadership to see that while Latinos represented 58 percent of the total number of loans, they received just 48 percent of the dollar amount of all loans. Today, Peña and her team are sharing this kind of data across the organization, while also analyzing customers’ financial information in their loan applications to see how LiftFund can strengthen its support.

“Results-based leadership encourages you to think about disparities in different ways,” Peña said. “By analyzing the different data, you start to think differently about what you do, and about the degree to which you are helping the people you want to help.”

Peña and her team also have embarked on research that they hope will provide new insights on the long-term effect of LiftFund’s work. They gathered information and data on borrowers who had taken out more than one loan with LiftFund. What they found was heartening: from the first to the second loan, the repeat borrowers scored better on average across many measures of financial success, such as household income, credit score, collateral and more.

“That is data we have never looked at before. It was right under our nose, and it affirms that our work is having a positive impact on clients,” Peña said. It also provides LiftFund with the ability to measure the relative benefit to clients of different loan products and business services.





ED SIVAK AND FELICIA LYLES

Hope Enterprise Corporation/Hope Credit Union (HOPE) (Jackson, Mississippi)

PROFILE: Ed Sivak arrived at Hope Enterprise Corporation (then known as the Enterprise Corporation of the Delta) as an intern while he was studying for a master's degree in public policy in 2000. Fifteen years later, he is part of the executive team and heads the CDFI's communications and policy work.

Felicia Lyles, a former bank teller, rose to a branch manager position with a regional bank before joining the CDFI. Today, she is the regional branch administrator for Hope Credit Union, overseeing 10 retail branches in Mississippi.

LEADERSHIP CHALLENGE: HOPE started in 1994 as a small business loan fund focused on the Mississippi Delta region. Over time, it became the primary sponsor of a credit union and expanded to provide a range of consumer, mortgage and business loans, as well as a robust retail banking operation. A 2009 merger with a struggling Memphis-based credit union expanded the CDFI's geographic scope. Today, HOPE's mission is to "strengthen communities, build assets and improve lives in economically distressed areas of the mid-South," with 23 locations, 150 employees and \$271 million in assets under its management.

According to Sivak, Hurricane Katrina in 2005 was as much of a turning point for HOPE as it was for the region it serves. "Our work changed dramatically overnight," he said, describing the CDFI's efforts to scale up its support for affected families and businesses. As part of this expanded work and mission, HOPE forged new partnerships with government, businesses and community and advocacy organizations in an effort to spur recovery and economic development. HOPE also has been a leader in addressing the problem of "bank deserts" throughout the region, moving into many areas as the only financial institution providing banking options for people and businesses.

HOPE's continuing challenge, according to Sivak and Lyles, is to balance the need for growth and sustainability with the CDFI's social mission. This means keeping leaders and staff focused on social impact whenever possible, while ensuring that HOPE is making the most of its partnerships to help improve conditions for people living in the communities it serves.

HOW THEY ARE APPLYING RBL TOOLS, RESOURCES AND APPROACHES: "We have always understood that we need to be part of a larger strategy to create jobs, increase wages and


improve education in the places we serve,” said Sivak. “The RBA framework creates space for us to be more intentional about our partnerships and about everyone’s different roles in getting to where we need to be.”

Sivak cited partnerships that HOPE is forging with health organizations to bring telemedicine to rural communities, and with schools to support financial education for parents. “RBA moves these relationships from a transactional level to a level where we are really working together to get transformational results,” he said.

Lyles said she increasingly talks with the HOPE branches she oversees about how to move beyond traditional data on loan production to measures that show which credit union members are better off because of HOPE’s loans and other services. “We are now asking for more data on whether people are maintaining their accounts, how they are using them and the extent to which they are accessing the other services we provide,” she said.

Smarter use of data is a core tenet of an enterprise-wide Operational Excellence initiative launched at HOPE in the past couple of years. Lyles and Sivak said they have tried to infuse RBA into the process. For example, Sivak has designed exercises to help various HOPE departments identify results indicators and develop strategies for turning them in a positive direction over time.

Lyles and Sivak also said that participating in the network together has strengthened their relationship as key leaders in the organization. “It is enormously helpful to go through something like this with a colleague because you can bounce ideas off of each other and reflect together on how to apply what you are learning to the work of your organization,” said Lyles.



“Participating in the network has created space for me to think about our place in the larger social change environment in the mid-South. Results-Based Accountability gives me a new framework for thinking beyond our organizational walls about how to create change in the communities we serve.”

- ED SIVAK



MATT MUELLER

Executive Director, Ways to Work (Milwaukee, Wisconsin)



“What is most important about results-based leadership is how it prepares you for every time an issue or a difficult conversation comes up. It really boils down to ensuring that you are doing everything you can to get to the results you want to achieve as an organization for the populations you serve.”

PROFILE: Matt Mueller was working as an IT specialist with the Alliance for Strong Families and Communities when he was assigned to provide software support to a CDFI that was part of the Alliance’s national network of human service organizations. The CDFI, Ways to Work, provides low-interest car loans to families with challenging credit histories through a network of community-based nonprofit partners across the country. Inspired by the Ways to Work mission, Mueller joined the organization and served in two senior positions before being tapped as its executive director in 2015.

LEADERSHIP CHALLENGE: When Mueller enrolled in the first cohort of the Casey CDFI network, he was a vice president responsible for supporting the organization’s affiliates around the country to find philanthropic and government funding. At the time, Mueller says the organization was in a period of profound change. It had been adding new loan offices at a rapid clip for several years and was weighing plans to scale its work even more. Several foundations supported the organization to commission a study of what it would take to achieve exponential growth in the number of families it served each year.

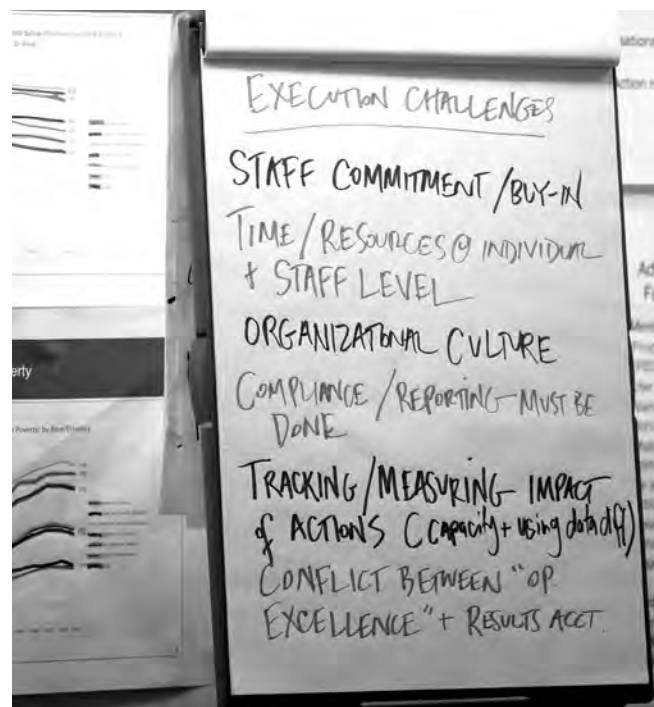
Before long, however, the board and senior leadership came to the conclusion that aggressive expansion wasn’t feasible in the current economic and philanthropic environment. Several key leadership transitions followed. When Mueller was appointed to the executive director role, his assignment from the board was to restructure the organization and put it on a sustainable path forward. That has meant reducing operating expenses by as much as one-third, even as Mueller built his team.

HOW HE IS APPLYING RBL TOOLS, RESOURCES AND APPROACHES: Mueller said he has drawn heavily on what he learned in the CDFI network about adaptive leadership and Results-Based Accountability. “Our board gave us six areas where there were challenges for the business, and we had to make some hard decisions to address them,” he said. Results-Based Accountability provided the framework to support Mueller and his staff to make action commitments and have the difficult conversations needed to keep them.

For example, Mueller said that over time, a growing proportion of Ways to Work’s consumer loans weren’t being repurchased by affiliates after the loans had gone into default status. This threatened the loan guarantee that is core to the organization’s relationship with its

institutional loan pool investors. Seeking to address this problem, Mueller said that he and his finance team engaged in accountability conversations with affiliates to reinforce how crucial the loan guarantee requirement was to the entire enterprise. Thanks to those conversations and a responsive network of affiliates, the total dollar amount of outstanding loans that were overdue in being repurchased dropped by 40 percent in four months.

Mueller also used the Results-Based Accountability framework with his newly configured team to clarify everyone's roles and responsibilities in the organization. "When you are reducing the business, those who are left need not only to be high performers, but also to accept and understand their expanded roles. It's a condensed environment of adaptation that requires a strong sense of accountability from every team member," Mueller explained, noting that the organization went from a staff of 16 to a staff of six in a period of two years. "I can't say enough about how this work helped me choose and build the right team during this period of change."





KEITH BISSON

Senior Vice President, Program Management and Development, Coastal Enterprises, Inc.
(Wiscasset, Maine)

PROFILE: In 2012, Keith Bisson was promoted to a new position within Coastal Enterprises Inc. (CEI), a Maine-based CDFI focused on rural business development and financing. The position was created in an effort to better align all programmatic initiatives with one another and with CEI's lending and investment activities. As part of the job, Bisson works closely with the CEO and CEI's Corporate Development group on public policy and fundraising.

LEADERSHIP CHALLENGE: CEI's founder and CEO, Ron Phillips, told Bisson that his charge in the new position was to spur greater alignment across CEI's lending and consulting programs. "Lenders sometimes have one approach to their work, and program people often have their own approach," Bisson said. "Ron and the senior managers wanted to further improve alignment across CEI departments so that we could do a better job making sure our lending, counseling and workforce and natural resource programs could work together more seamlessly to support businesses to become more sustainable and to use our limited resources most effectively."

In addition, CEI is interested in making better use of the data it collects through its various programs. The organization has long been known as a leader in the CDFI field when it comes to evaluating impact. However, Bisson said CEI could do a much better job "making meaning" of data about the businesses it is working with — including jobs created and more. "It's really about always asking ourselves if we are getting the results we want," Bisson said.

HOW HE IS APPLYING RBL TOOLS, RESOURCES AND APPROACHES: One of the RBL skills that Bisson finds himself applying most is staying focused on population-level results. "We have a real diversity of programs, and it's important to think of what we do as more than simply providing people with access to capital," Bisson said. Through its lending, counseling, workforce development and natural resource sector programs, CEI also is supporting businesses to succeed, create jobs and bring new opportunities and hope to low-income communities.


"The thing I find liberating about focusing on population-level results is that it helps people see they can't solve problems entirely on their own," he said. In his work with CEI's lending and counseling teams, he has used the frame of population-level results to help staff understand the need for stronger alignment.

After Bisson's CEI colleague, Jennifer Sporzynski, enrolled in the second cohort of the Casey network (Bisson was part of the first cohort), the two analyzed existing historical data on how many loans CEI had closed with clients who also accessed the organization's counseling services. Based on their analysis, they set an organization-wide goal of 40 percent overlap between lending and counseling.

"We would never want to see 100 percent overlap because people might find more appropriate financing options somewhere else, and we want to make sure they access the option that is best for them and their business," Bisson said. "However, we want to make sure that our programs are optimizing the opportunities for alignment and synergy, and this was a simple measure that took advantage of easily accessible data."

In the first year, the overlap rate ended up at 50 percent, well above the target. Bisson said CEI also saw improved relationships between the lending and counseling departments. "It's still a work in progress, but we are seeing people embrace the need for a shared focus on certain results," he said.

Bisson added that he learned important leadership behaviors in the network that have supported him in the search for alignment. "I find I am using results-based meetings and the persuasion skills I learned in the program to help get people to where we need to be as an organization."



"I worry that we are becoming more transactional as an industry instead of also focusing on the longer-term results we want for our clients and the communities where we work. RBL makes you think beyond what your balance sheet looks like so people see that there are other results that are equally or even more important. The bottom line is that you may be a profitable organization, but are you really making a difference?"

Conclusion

Community development financial institutions have played a critical and expanding role in efforts to create opportunity for disadvantaged communities in the United States for nearly four decades. A combination of industry growth and looming leadership transitions makes this a time of reflection for the field.

Can CDFIs continue to deliver on the promise of opportunity finance to transform communities? At a time of accelerating need, can they deliver ever-improving results for the people and the communities they serve? Can they forge new and stronger partnerships to scale the difference they make to new levels?

Through the CDFI Leadership Learning Network, the Casey Foundation has set out to develop positive answers to these questions, working with a core group of industry leaders who can in turn influence their peers. The Foundation looks forward to following the progress of these exemplary leaders. More importantly, the Foundation hopes the lessons they have learned and the results-based approaches they are taking will inspire the wider opportunity finance industry to rigorously document and advance the difference it is making for children, families and communities across the country.





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