



Weathering the Storm : Ujjivan HR Best Practices

Micro Finance Summit : Human Capital Panel

Valladoid, Spain

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Industry Crisis & Our approach

- Uninterrupted growth - first half & ability to raise funds in second maintain portfolio book size
- Collateral damage in credit portfolio and pro-active credit management
- Prudent Strategies that helped us emerge from the crisis unscathed:
 - Exclusion of AP & other vulnerable areas
 - Effective Business & HR practices helped during & after Crisis
- Impressive financial & business performance in 2010-11

Key Metrics	2009-10	2010-11	CAGR
Loan O/S (Rs. Crores)	370.1	625.1	69%
Customers	620,624	991,584	60%
Branches	230	351	53%
States	13	20	54%
PBT (Rs. Crores)	11.9	17.7	49%
PAT (Rs. Crores)	9.6	11.4	19%

Industry Crisis : Gaps in People Management

■ **Poor Staff & Customer Connect**

- Nil or Poor communication in a by a hostile media reports on crisis, led to high degree insecurity among staff & customers
- MFI had lost customer connect. Seen as a 'low cost money lender'. Led to customers not standing by the MFIs in face political & administrative onslaught.

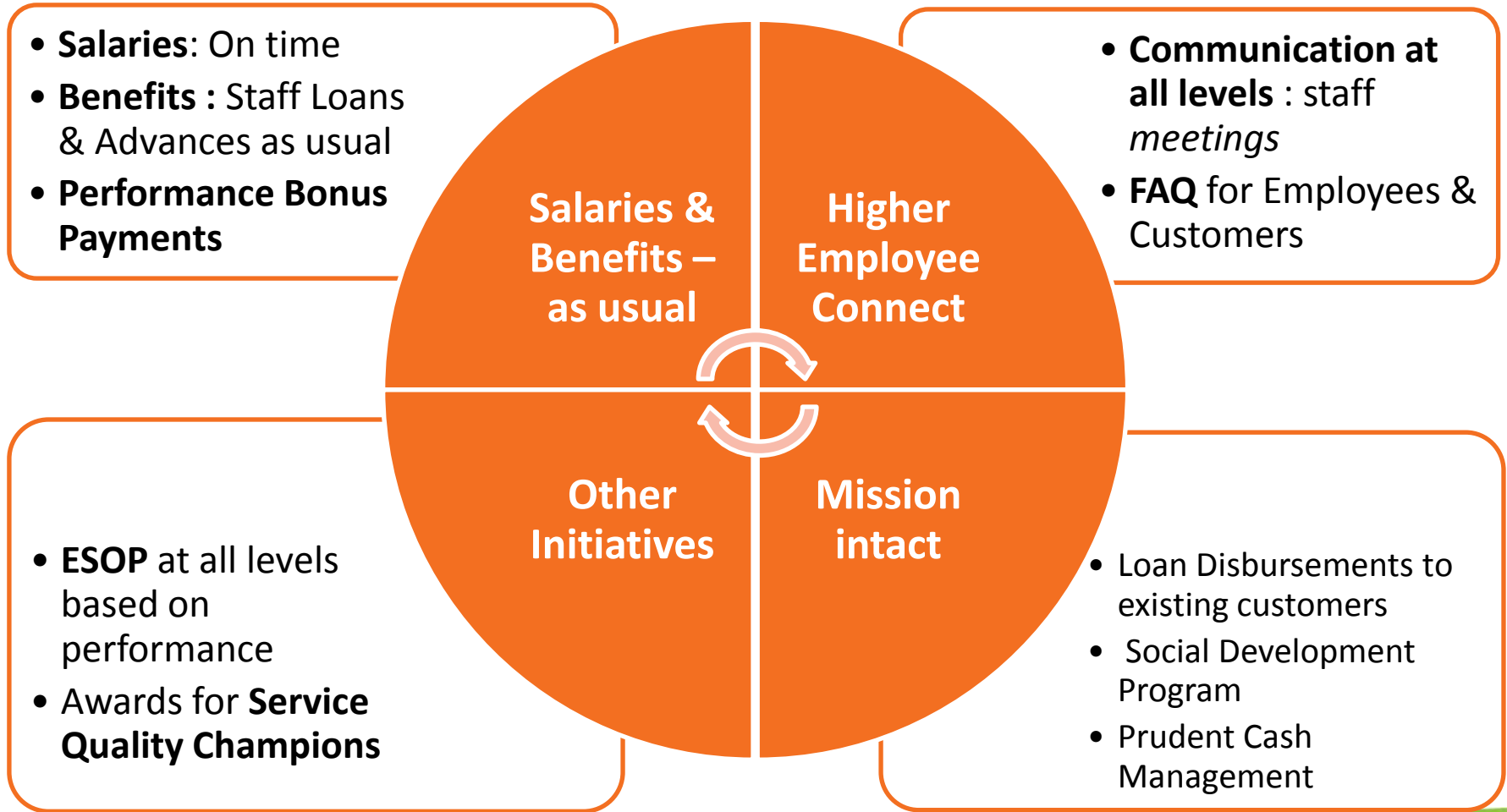
■ **Job Insecurity**

- Loan disbursements and recovery ground to a halt : paralysis of basic business
- Delayed salary payment & stopped incentive : led to frauds

■ **Rumors**

- Mismanaged staff & competition spread rumors of closure non home stated based MFIs, death of promoters & led to customer default
- No communication on assessment of crisis & direction from own company led staff to believe rumors building a vicious cycle.

Ujjivan's response during crisis



Post Crisis Analysis: The Need for Change

- Aggressive & uncontrolled growth brought crisis – “Prince to Frog”.
- Overextension of credit led to coercive collection - the key factors of crisis
- Ill-conceived Andhra Ordinance brought entire MFI sector to door of collapse
- Drying up of bank funding
- **Post the crisis and dramatically changed regulatory & business environment. Led to need to make fundamental changes in business operations remaining true to our mission of providing financial services to the poor.**
- This & next financial year we will undertake number of major changes in the way conduct business.
- **The leadership teams both regional & national have the important tasks of leading the changes.** It will be a important challenge & experience for each of us to develop as **change leaders.**

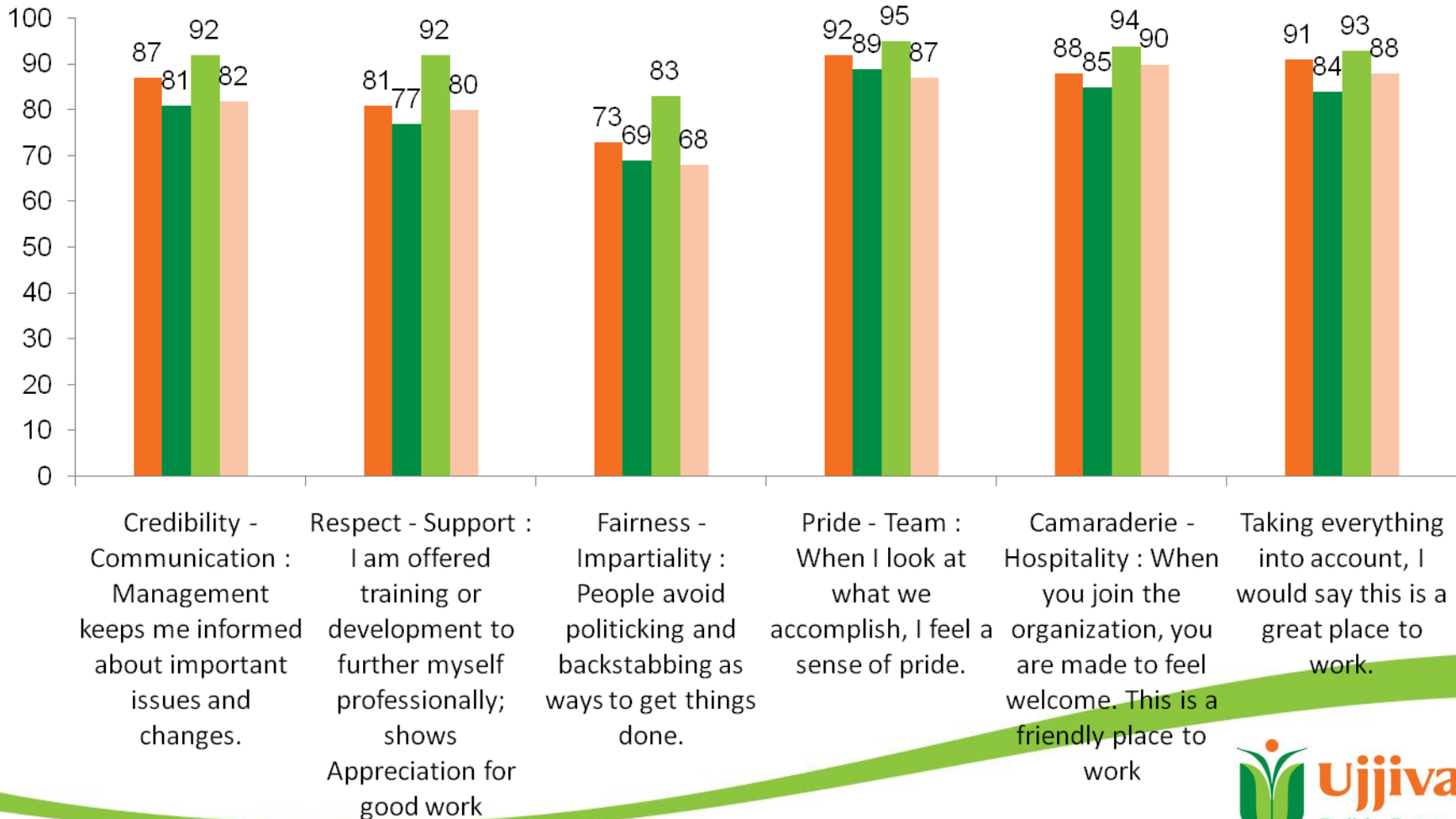
Guidelines for Change Leaders

- Meticulous planning & execution taking the feedback from all parties involved: staff & customers.
- Establishing a team with clearly defined responsibilities with time lines. Team work under a leader has to work like a well oiled machine.
- **Buy-in and involvement of key players - staff & customers. Communication & interaction clearly discussing why we are undertaking the project, what is the benefit to the customer, Ujjivan & staff are extremely important.**
- Selecting the timing of executing the change is very important this includes being completely ready: right staffing, training, infra-structure and the need to execute the project as a part of the overall strategy/plan of Ujjivan.
- Those executing the project must have clear understanding of the constraints & regulations within which we operate.

Ujjivan as a Great Place To Work

Year	Ujjivan Ranking	
	All Industry Category	MFI Category
2009	50 th	1 st
2010	100 th	2 nd
2011	14 th	1 st

■ 2009 ■ 2010 ■ 2011 ■ India Top 50



Testimony : Employee Comments in the Survey Report

- *“We had done Christmas celebration in our office. We have decorated our branch and also called the customer and their children for the celebration. Children and customer were very happy for the feeling like they are our family. We had also celebrated the utrayan and we had decorated office with the kites. We treat our branch as our second home. We also get the happiness like home and for our work.”*
- *“All people are treated same over here. They are not only given work but they are also encouraged to progress. The organization also gives good salary and good support. The organization also tries to help for the progress of family.”*
- *“Our company work for a common man. My income improved after joining this company. I can do something to a common person in the society. I am also getting blessings of the customer in addition to my salary.”*

Lessons

- **Do not be complacent look at both direct & collateral damage**
- **Honest Communication: evaluation of problem, how it impacts us & plan of action**
- **Be pro-active and pre-empt any damage**
- **Honest evaluation of all that went wrong and corrective action to be taken.**
- **Buy in of all employees & customers of changes being made key to successful execution**
- **Keep the faith : do not dilute the original mission.**