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NICARAGUA

NOTE FROM THE FIELD

MFI Tackles Management Issues

Pro Mujer Nicaragua boosts efficiency and employee retention with the help of a USAID-supported program



Photo courtesy of Tucker Nielsen

Graduate student Tucker Nielsen (far right) takes a meeting with Pro Mujer Nicaragua managers.

“In our brief time together, my colleagues at Pro Mujer and I shared triumphs and set-backs, grew professionally and personally and helped shape the future direction of an organization dedicated to improving the lives of other people,” reflected Tucker Nielsen, who served as a short-term business advisor to Pro Mujer Nicaragua.

Like their for-profit counterparts, nonprofit microfinance organizations need effective management systems to operate efficiently, manage growth, and respond to client needs. During a 10-month consultancy, Duke University graduate student Tucker Nielsen and Pro Mujer, an international microfinance organization that focuses on women entrepreneurs, learned together about creating efficiency and employee stability in microfinance organizations with field offices spread throughout a country.

Before Nielsen’s arrival, Pro Mujer Nicaragua devoted inordinate amounts of management time to administrative tasks, suffered from rapid staff turnover, and subjected employees to insufficient evaluation processes. The USAID-funded Institute of International Education stepped in to assist Pro Mujer Nicaragua by funding Nielsen’s management consultancy through its Emerging Markets Development Advisors Program (EMDAP), which matches U.S. graduate business students with small and medium enterprises worldwide. Nielsen describes the lessons learned and experiences he and Pro Mujer Nicaragua shared:

“When I arrived in León, Nicaragua, in September 2004, neither I nor my hosts at Pro Mujer Nicaragua knew exactly what to expect. Nevertheless, Pro Mujer Nicaragua needed technical assistance, and I had worked on Wall Street, studied at Duke University’s Fuqua School of Business, and was eager to gain managerial experience outside of the United States. EMDAP brought us together.

“Since 1992, USAID has provided small and medium size businesses in 45 different countries with 10 months of management assistance from 170 U.S. graduate students through EMDAP. Pro Mujer Nicaragua contacted EMDAP in 2004 seeking someone to improve employee productivity. I was ultimately selected and tasked with improving human resources policies and positioning the organization

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internally to accommodate rapid growth. Following three weeks of microfinance training in Boulder, CO, I left for León keen to immerse myself in my new job, country, and culture.

“I quickly discovered that Pro Mujer Nicaragua had a talented management team, dedicated employees, and a willingness to learn. Pro Mujer Nicaragua realized that I had more experience than past volunteers and a decent grasp of Spanish. Together with Pro Mujer’s human resource coordinator, I started my assignment with an examination of recruiting procedures. Pro Mujer Nicaragua was experiencing 50-percent turnover in some key positions, a clear sign of problems. After reviewing policies, participating in several interviews, and speaking with managers, we concluded that Pro Mujer Nicaragua needed a more systematic candidate selection process. We began by updating all job profiles and grouping job positions into categories. Then, we developed standard interview questions for each employee category. Establishing procedures to evaluate candidates in the field was also necessary, and we designed role plays to measure team-work and presentation skills. Finally, we crafted interview evaluation forms to ensure that all candidates would be judged by the same criteria.

“We proceeded to analyze Pro Mujer’s organizational structure. If Pro Mujer Nicaragua were to achieve its goals, key management personnel clearly needed to be developing new products, studying markets, and promoting the program rather

than dedicating up to 80 percent of their time to administrative work. In order to address this situation, we first assessed Pro Mujer’s strategic plan to understand future activities, staffing needs, and management responsibilities. Then, we interviewed employees to identify staff capable of assuming new responsibilities. With this information, we reassigned job functions and administrative procedures to alleviate growth constraints. We also studied other organizational structures and reviewed and revised alternative structures internally and with third parties until arriving at a solution.

“Our final structure created two new positions to oversee strategic planning, product development, and marketing and promotions, allowing line managers to focus on supervision and training. The human resource coordinator will now report directly to the national director instead of the financial manager, strengthening the attention dedicated to personnel policies by senior management.

“Pro Mujer’s employee evaluation procedures also required revision, as managers were not following protocols. The evaluation’s emphasis on qualitative traits rendered it subjective, and there was no link between individual performance and institutional goals. To correct these weaknesses, we added a personal performance objectives section to the evaluation form to measure technical performance, make the review more objective, and link individuals’ activities with Pro Mujer’s goals.

We also designed a personal development form to provide employees and their managers with a plan to improve performance. Finally, we wrote guidelines to help managers conduct performance reviews, offer feedback, and correct poor behavior.

“Pro Mujer Nicaragua and I learned a lot during our 10 months together. We observed that systems are necessary, but not sufficient to foster efficiency. People must be trained and policies monitored to make systems effective. For instance, Pro Mujer Nicaragua had an employee evaluation process in place, but managers were not reviewing their employees, leaving good performance unrecognized and poor performance uncorrected. We learned to use interviews, focus groups, and surveys to collect data, identify problems, and make decisions. Conversations with select field staff were instrumental to development of the procedures Pro Mujer Nicaragua now uses to assess loan officers during the candidate selection process.

“Management successes and failures create a better understanding of how to improve administrative processes. Analyzing existing procedures, including reviewing manuals, engaging employees, and utilizing process mapping, must be part of any strategy to identify strengths, weaknesses, and solutions. Creativity and collaboration also play key roles. For example, when we evaluated different procedures to recruit loan officers, we conducted internal brainstorming sessions and sought outside advice from the Pro Mujer international

network, the USAID-funded SEEP Network Practitioner Learning Program, and contacts outside of microfinance.

“We recognized that few solutions are perfect. When reviewing organizational structure, we discovered that the solution to one problem often creates another dilemma. Identifying each solution’s tradeoffs will prepare you to manage those issues during implementation.

“Going forward, Pro Mujer Nicaragua will be monitoring staff retention rates, employee satisfaction, and expenses as a percentage of revenue to measure productivity and assess the impact of our work. Further change is inevitable. Recruiting practices can always be refined, reporting procedures streamlined, and employees coached. With a fresh appreciation of systems, improved information gathering methodologies to enhance decision making, a process to review procedures, and a newly trained human resources coordinator to monitor policies, Pro Mujer Nicaragua will be up to the challenge.

“As for me, I am returning to Duke to finish my MBA confident that I, too, am prepared for my future and grateful to Pro Mujer Nicaragua, EMDAP, and USAID for such a rewarding experience.”

To learn more about EMDAP or how to apply for an EMDAP adviser, consult EMDAP’s home page (www.emdap.org) or e-mail the program office (emdap@iie.org).

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