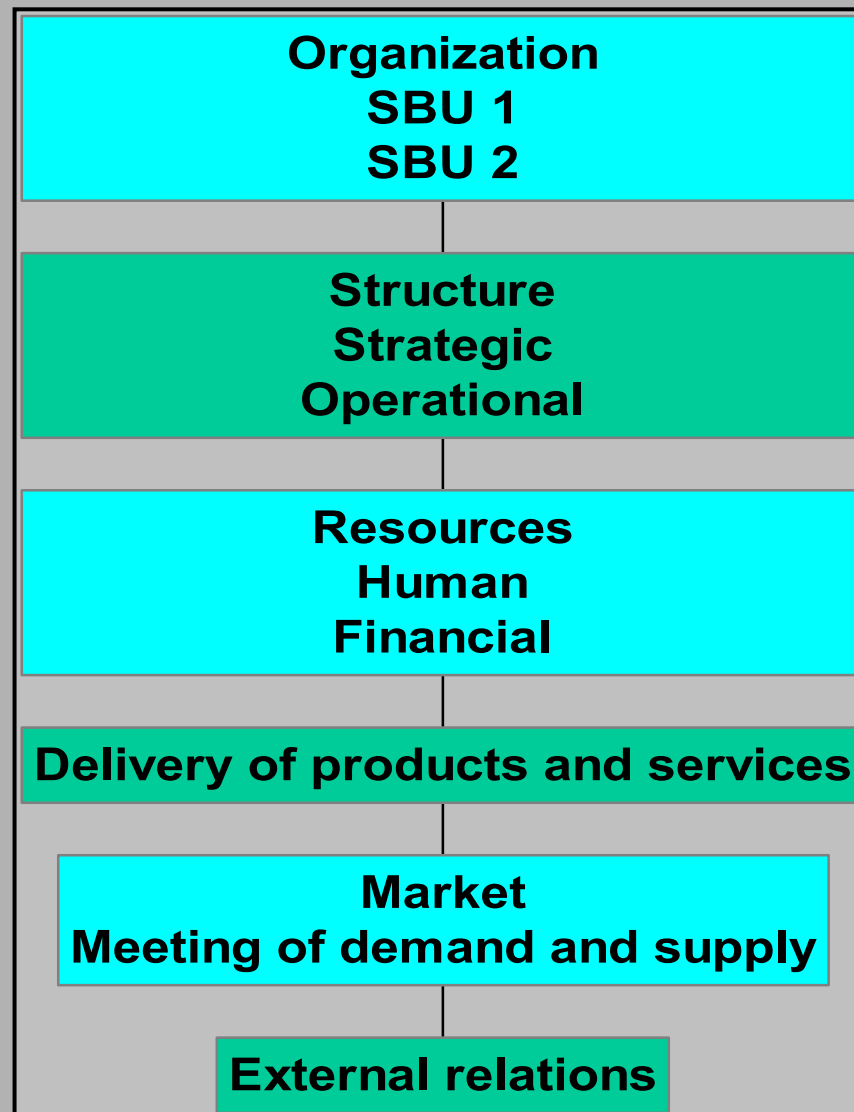


ORGANIZATIONAL FLOW CHART



STRATEGY

- Planning
- Setting
- Implementing

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PLANNING

STEP 1

Opportunities/
threats

(What might we
do?)

STEP 2

Strengths/
weaknesses

(What can we do?)

BUSINESS POLICY

STEP 4

Responsibilities/
objectives

(What should we
do?)

STEP 3

Stakeholders

(What do we want
to do?)

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SETTING

- Products/services to be provided
- Markets to be served
- Mechanisms/manner to service markets

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IMPLEMENTATION

- Physical resources
- Organizational structure
- HRM
- Leadership

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OPERATIONAL PLANNING

Operational planning is a process to organize various steps to ensure quality production of goods or services in order to satisfy the needs of customer as well as achieve the purpose of the producer at an acceptable cost.

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OPERATIONAL MANAGEMENT

It is the use of management processes to add value to an organization i.e. increasing the worth or utility of the goods or services produced by the organization to satisfy the needs of customers at acceptable cost.

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OPERATIONAL MANAGEMENT INVOLVES.....

- Meeting customer needs
- Managing resources efficiently
- Improving performance and productivity

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OPERATIONAL PROCESS

INPUT

- Materials
- Technology
- Human Resource
- Structure

TRANSFORMATION

- Appraisal
- Analysis

OUTPUT

- Loan Product

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BUSINESS STRATEGY

3 basic competitive business strategy

- Low cost provider
- Product differentiation
- Market segmentation

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STRATEGIC DECISION MAKING

- Resource allocation
- Competitive responses
- Keeping options open
- Business portfolio development
- Centralization vs.localizationalization
- Organizational networks and strategic alliances

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CONCEPTUAL FRAMEWORK

RURAL POOR

(Requiring Support for Economic and Social Development)

FINANCIAL SUPPORT

FINANCIAL INTERMEDIARIES

- BANKS /FORMAL FINANCIAL INSTITUTIONS
- ORGANISED INFORMAL SECTOR (NGOs, CBO, EMERGING, MFIs,)
- NON-INSTITUTIONAL SECTOR (MONEY LENDERS, TRADERS ETC.)

SOCIAL SUPPORT

SOCIAL INTERMEDIARIES

- NGOs
- OTHER DEVELOPMENT AGENCIES
- Consultants & others

Financial Inter-mediation

RURAL POOR GROUPED INTO

- SELF-HELP GROUPS
- JOINT LIABILITY GROUPS
- MACS/COOPERATIVES

Financial Inter-mediation and Social Inter-mediation

- NABARD
- Commercial BANKS / FIs
- Micro-Finance Institutions
- MACS/Cooperatives
- NGOs

NGOs WITH DIFFERENT CAPACITIES and LIFE CYCLE AS MFIs

- GOVERNANCE
- MANAGEMENT PRACTICES
- HUMAN RESOURCES
- FINANCIAL RESOURCES
- MF PRODUCTS
- MF PERFORMANCE
- EXTERNAL RELATIONS
- SUSTAINABILITY

MATURE
EXPANDING
EMERGING
NASCENT

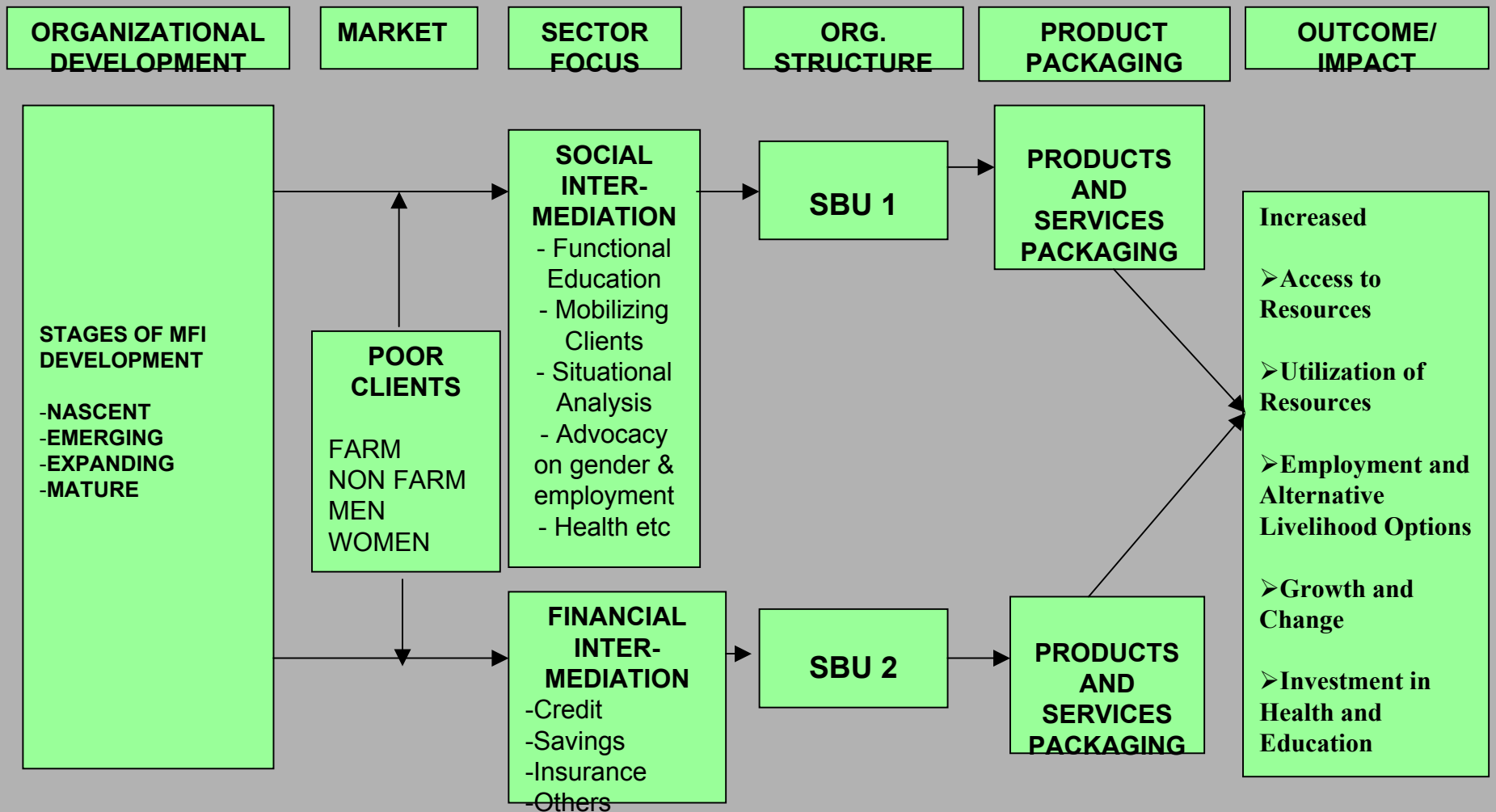
Sustainable Balanced Financial and Social Inter-mediation by NGOs-MFIs

CLASSIFICATION OF INTERVENTIONS

Direct mF services	BDS: technical and managerial	Social intermediati on services related to mf	Core social intermediation
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CHALLENGES- IMPACT



**BALANCING SOCIAL AND FINANCIAL INTERMEDIATION TO OPTIMIZE MFI PERFORMANCE –
A SUGGESTED FRAMEWORK**

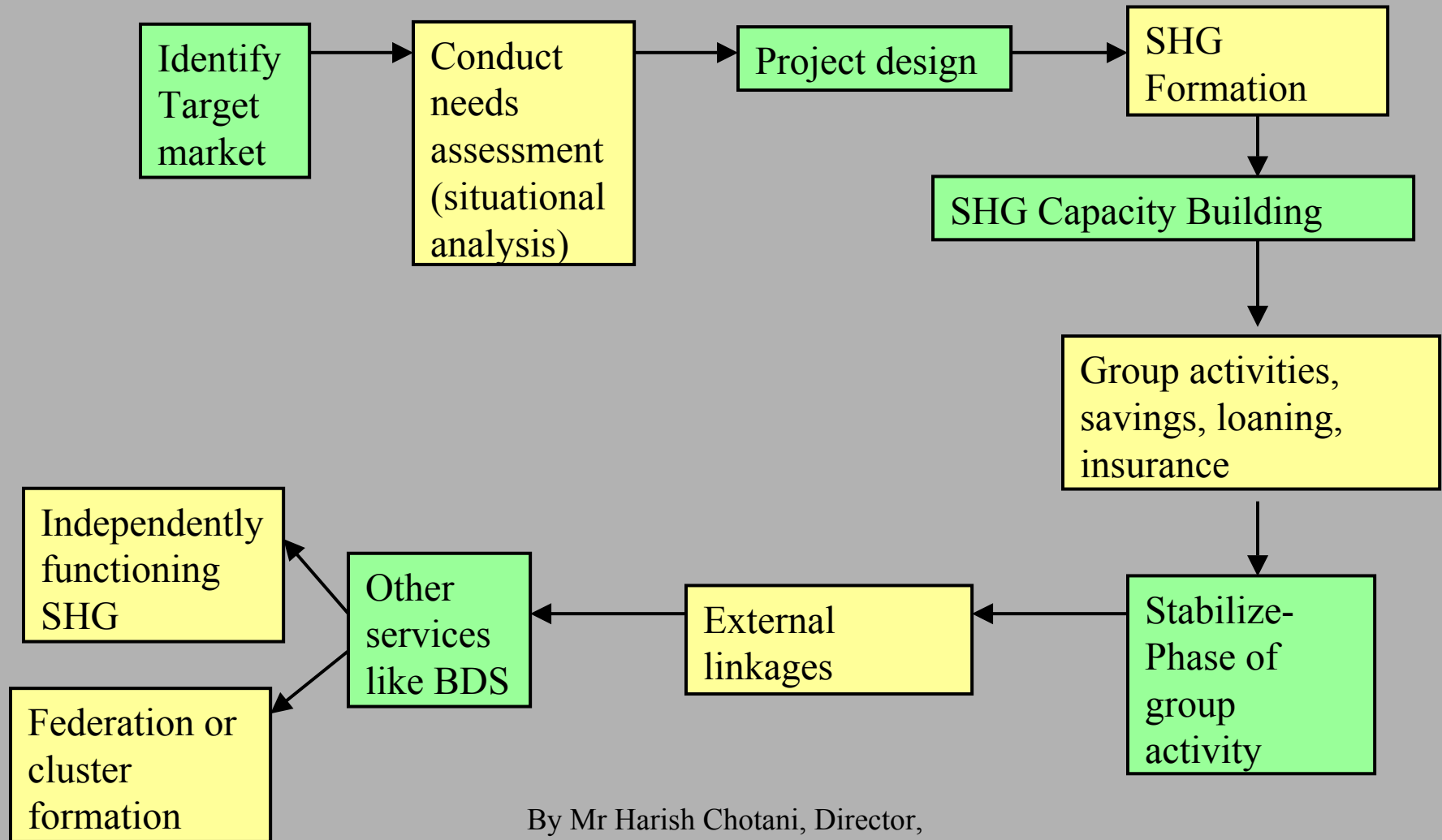
DEFINING PRODUCTS AND SERVICES

- **Product** - a tangible item produced by a process or a series of processes
- **Service** - an intangible item that cannot be owned, only experienced
- **In marketing terms, product** is used in a broader sense to denote anything that can be offered for use in a market or to satisfy a market want or need.

PLANNING PRODUCTS AND SERVICES

- Define product and services
- Defining product and service management
- Basics of product strategy
 - product life cycle
 - Product/customer matrix
- Product objectives
- Forecasting
- Pricing
- Costing
- Marketing
- New product development

Activity-Entity-Relationship Matrix



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AUDITING

- **Three types of audit**

- Project evaluation audit
- Internal audit
- Post completion audit

- **Phases in Auditing**

- Initiation-creative efforts, feasibility check and goal definition
- Planning-staffing and other resources, and organizing the project
- Execution-work performance, controlling, reporting, motivating and renegotiating
- Termination-concluding, final reporting and termination

- **Steps in Auditing**

- Conducts interviews
- Analyze data
- sample management reports
- Compare against a standard
- Identify strengths and weaknesses
- Define opportunities for improvement

PACT

PARTNER
CAPACITY ASSESSMENT
TOOL

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EIGHT COMPONENTS

- **Governance**
- **Management Practices**
- **Human Resources**
- **Financial resources**
- **Micro finance services**
- **Micro finance programme performance**
- **External relations**
- **Sustainability**

GOVERNANCE

- Governance refers to giving leadership and direction to an NGO/MFI.
- Help developing a vision and a mission
- Ensure understanding and reflection of the vision and mission in the work of the board members, management, the staff and the community.
- Provide strategic direction
- Develop and maintain external relations.

Management Practices

- Responsible for the day to day operations
- Responsible for coordinating long term strategies and also short term plans
- Ensure healthy organizational culture

HUMAN RESOURCES

- Human resource refers to all the people, management, staff, members, communities, funders, board members
- Develop mechanisms for decision making, conflict resolution, communication and meeting protocol
- Ensure smooth communication and coordination
- Develop a commonly accepted organizational culture

FINANCIAL RESOURCES

- Procedures to budget regularly to meet financial needs
- Record financial transactions and to monitor and report on it's financial status
- Integrate financial systems and procedures with the strategic and implementation plans
- Develop a sufficiently diverse resource base
- Ensure compliance with the legal, fiduciary, and labor regulations

MICRO FINANCE PROGRAMME PERFORMANCE

Micro finance programme performance includes

- Financial self sufficiency
- Subsidy Dependence Index (SDI)
- Cost per unit of money lent
- Case load per field worker
- External/Internal funds in RLF
- Rotation of Revolving Loan Fund (RLF)
- Cumulative repayment
- Regularity of Savings
- Regularity of Attendance
- Number of active clients

MICRO FINANCE SERVICES

- Quality service delivery
- product packaging
- Eventual assumption of service delivery responsibilities by target communities
- Social intermediation
- Sound financial intermediation

SUSTAINABILITY

- Programme or impact level sustainability
- Organizational sustainability
- Financial sustainability
- Resource base sustainability

EXTERNAL RELATIONS

- To build collaborative supportive relation ships
- Primary external relationship with the community it services.
- Participate in lobbying and advocacy networks to influence legislation, national/ regional planning

PACT – An Example

COMPONENT GOVERNANCE

- **CATEGORIES for the component of governance**

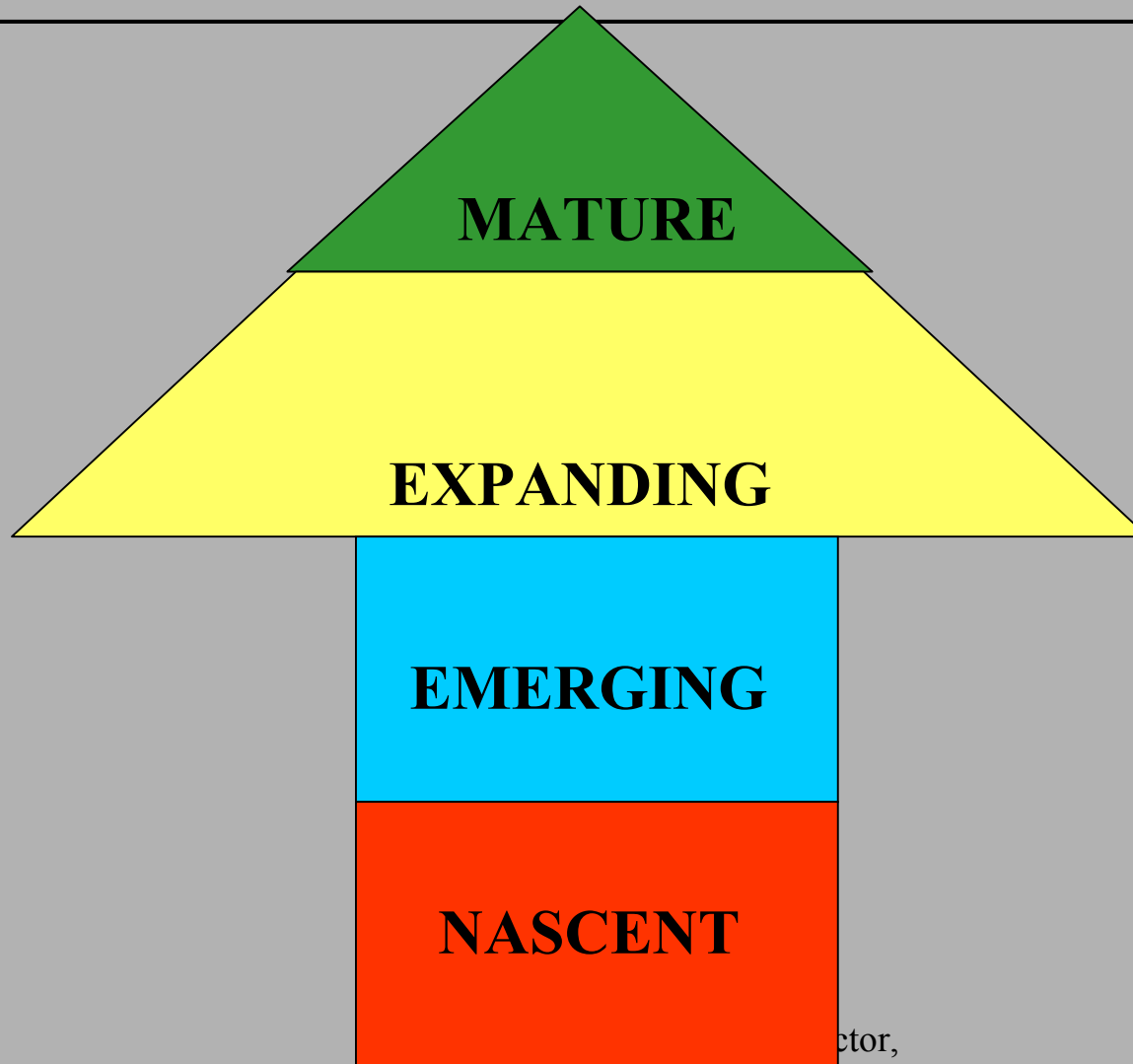
- **Board**
- Mission/Goal
- Legal Aspects
- Stakeholders Analysis
- Leadership

- **ELEMENTS for the category of board**

- Existence and Functioning
- Role
- Member Attendance at Meetings
- Members experience in Microfinance Composition

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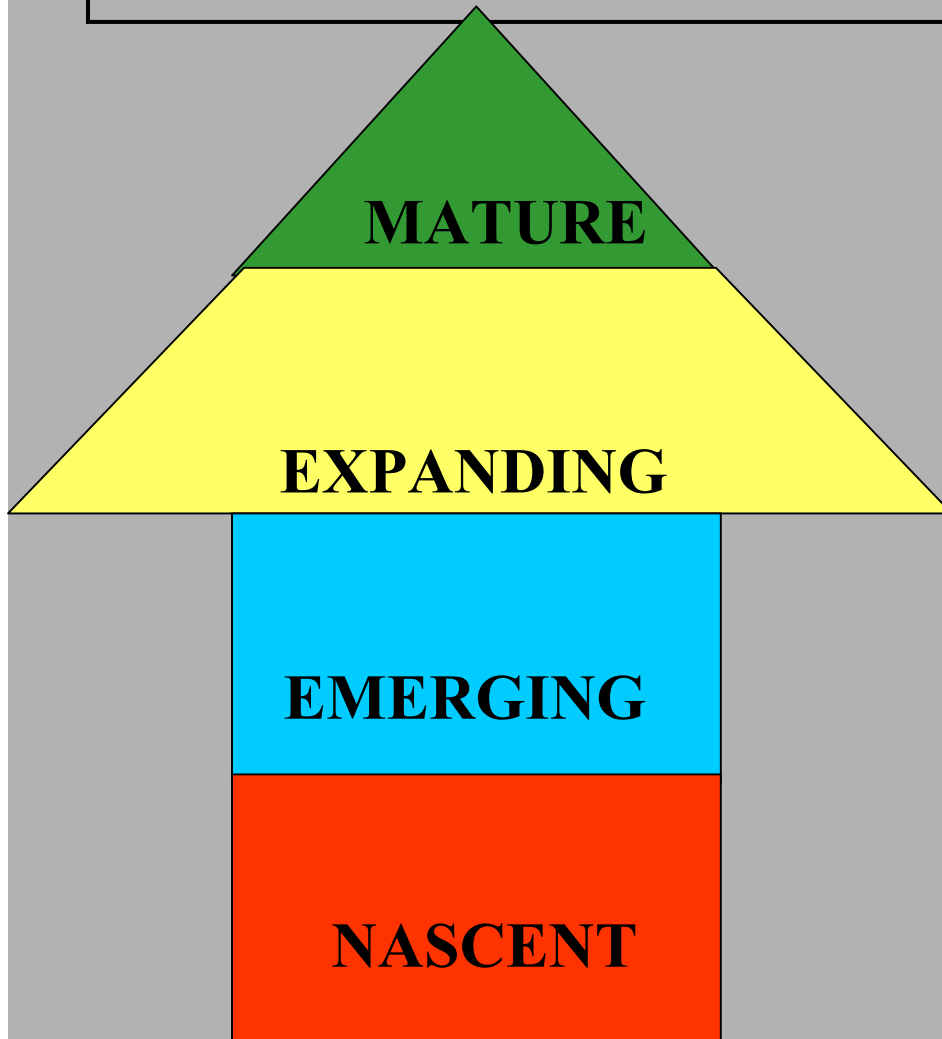
STAGES OF EVOLUTION



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ctor,

CHALLENGES-SUSTAINABILITY



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The Four Key Questions To Be Answered Through BDP

- Where are we? (today)
- Where we want to be? (tomorrow – Goals and Objectives)
- How to get there? (Strategies, Activities and Budget)
- How do we know we are really getting there? (Measure progress through targets and monitoring)

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STEPS IN BDP

- Market analysis
- Client analysis
- Product analysis
- Activity schedule (AER Matrix)
- Costing
- RLF estimation
- Loan tracking
- Scenario development
- Financial statements

ANSOFF'S MARKET MATRIX

New Product Old Market	New product New Market
Old Product Old Market	Old Product New Market

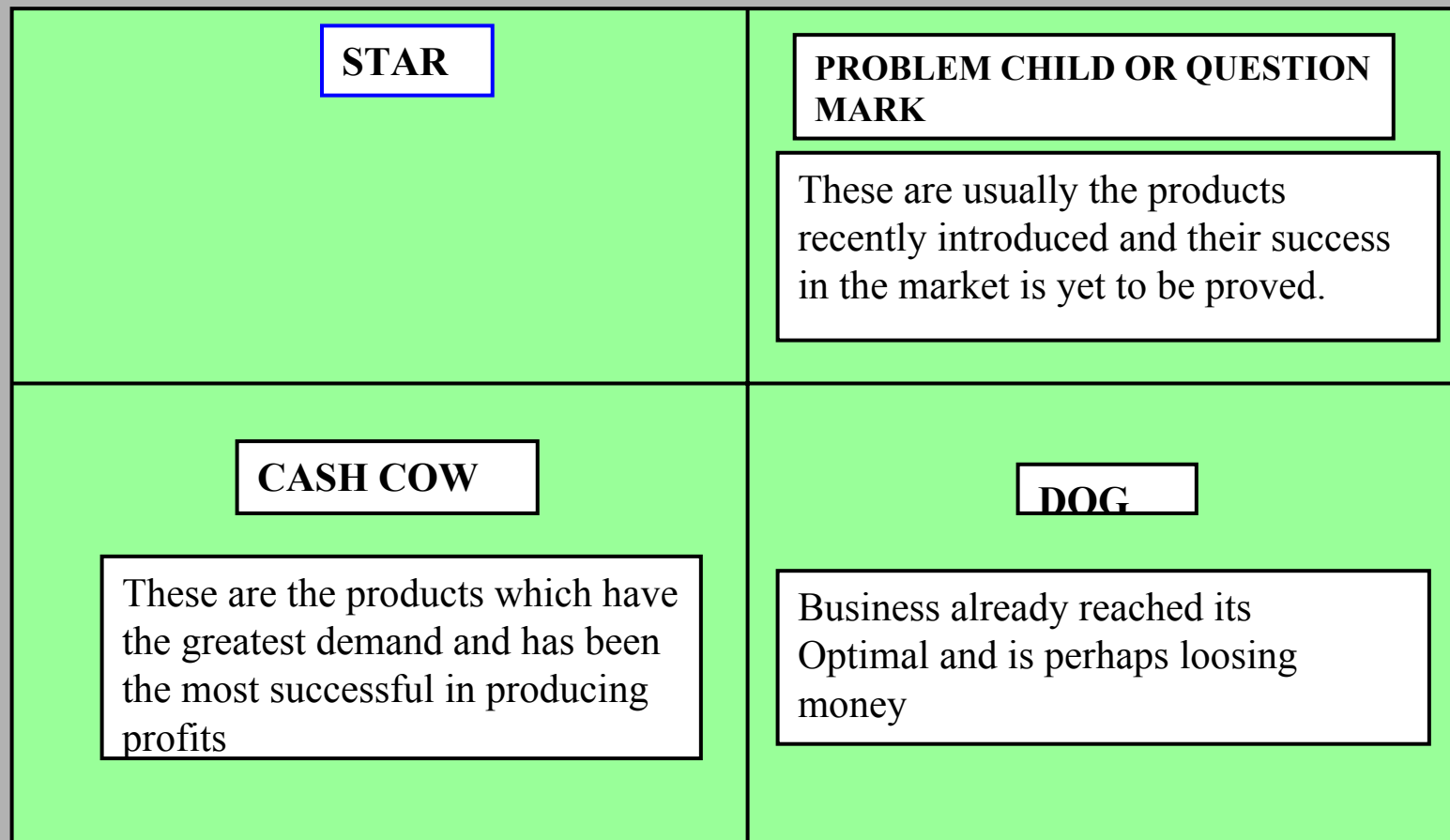
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PEST MODEL

- **Political** (operational area, in and around)
- **Economical** (Major economic policies impacting the NGO)
- **Social** (Social practices, people and other influences in the market)
- **Technological** (Infrastrusture, conditions etc.)

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The BCG Matrix



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MEASURING CONSUMER SATISFACTION

- Specification - Design, utility
- Cost - Market segment based (Is cost a factor in mF for customer)
- Timing - specific time keeping (matching demand/supply by time/season)
- Overall reliability - loyalty (Are linkages reliable or is the service reliable)

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