



Strategy, Leadership, and Soft Skills

A Central Banking Perspective

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Central Banking Events
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- I. The Winds of Change
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- IV. Leadership, Change, and Soft Skills
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Winds of Change



- Financial Changes
- Economic Changes
- Political Changes
- Social Changes
- Changes in Technologies
- GloCalization
- Organizational Transformation

Why does Change Happen?

“Change is a classic dynamic of the universe. It resembles the continuous evolution of life and all what revolves around it, including environment, humans, and organizations.”

Change will happen; whether it is foreseen or unforeseen is important; but what matters most is if we planned or did not plan for it!”

Strategic Change is an art more than it is a Technical process, because it has the Human State of Heart & Mind at its Core

We Change because:

And/or

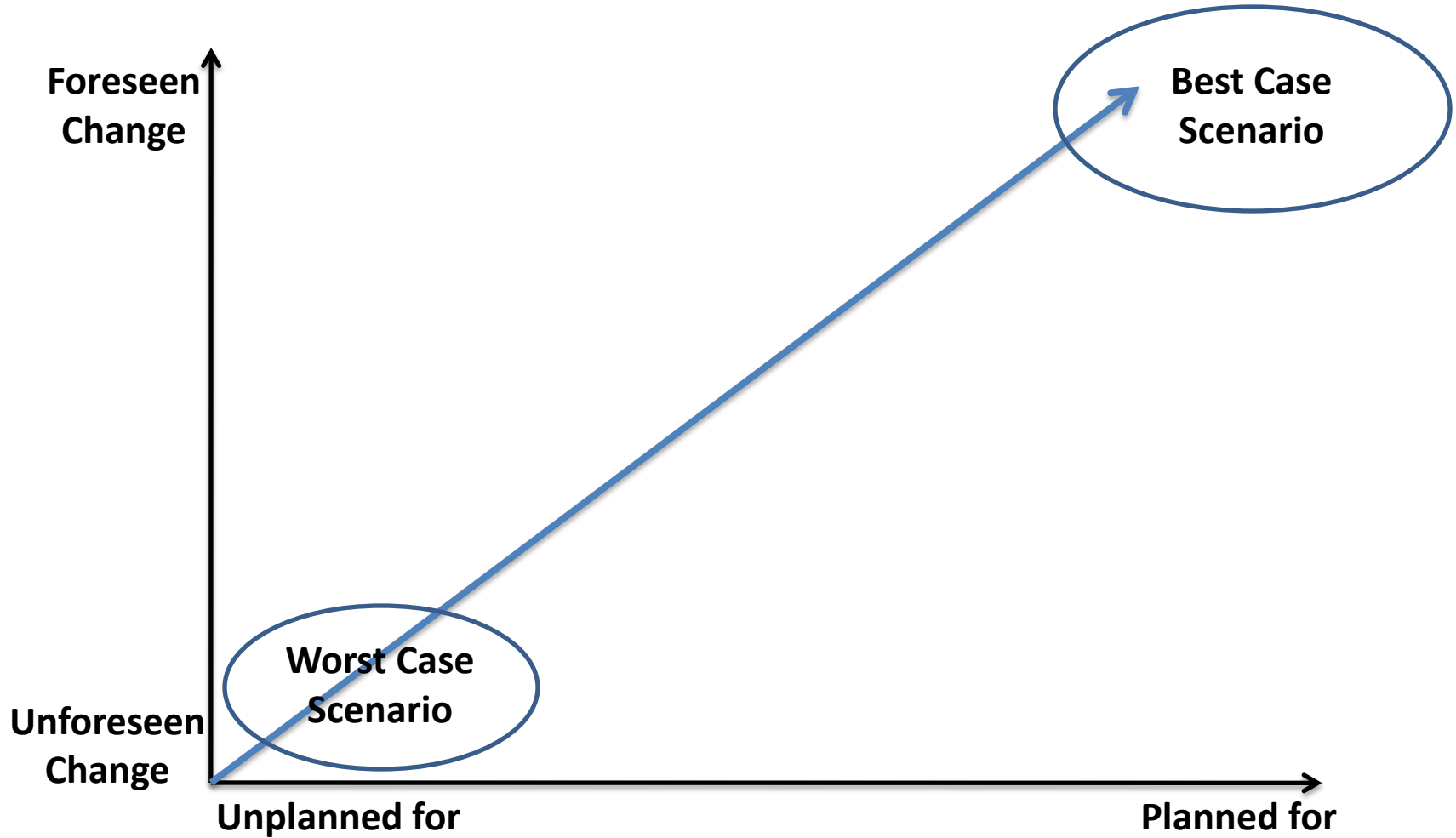
**We are
afraid of
Pain**

And/or

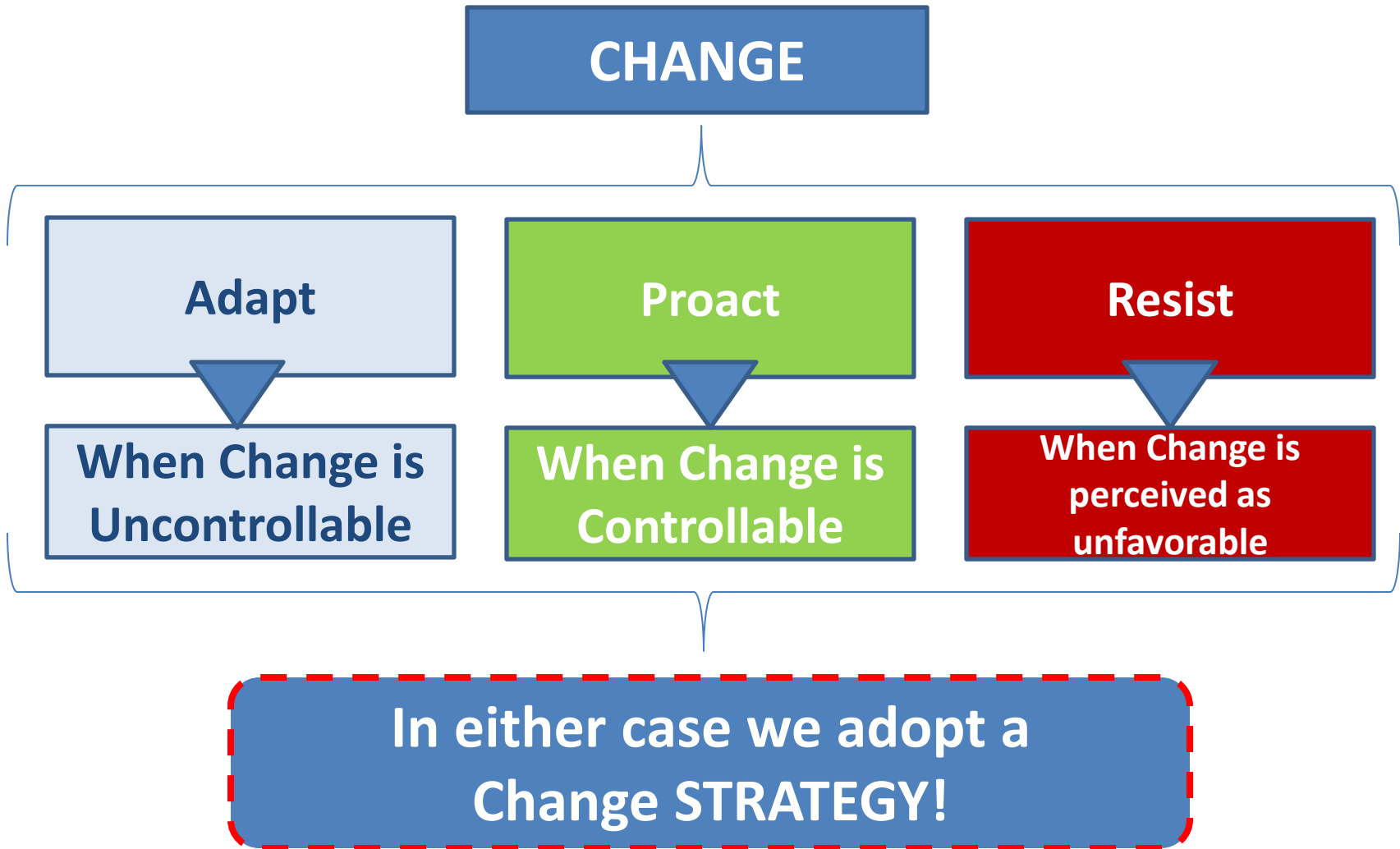
**We are
tempted by
Gain**

**We are
curious**

Back to Basics



So, how do we go about Handling Change?



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How is all this relevant to Central Banking?

With the mission of Central Banks to manage, monitor and stabilize monetary policy, and ensure financial and economic stability of the country, they seem to have an obscure relationship with Change.

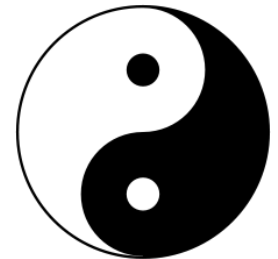


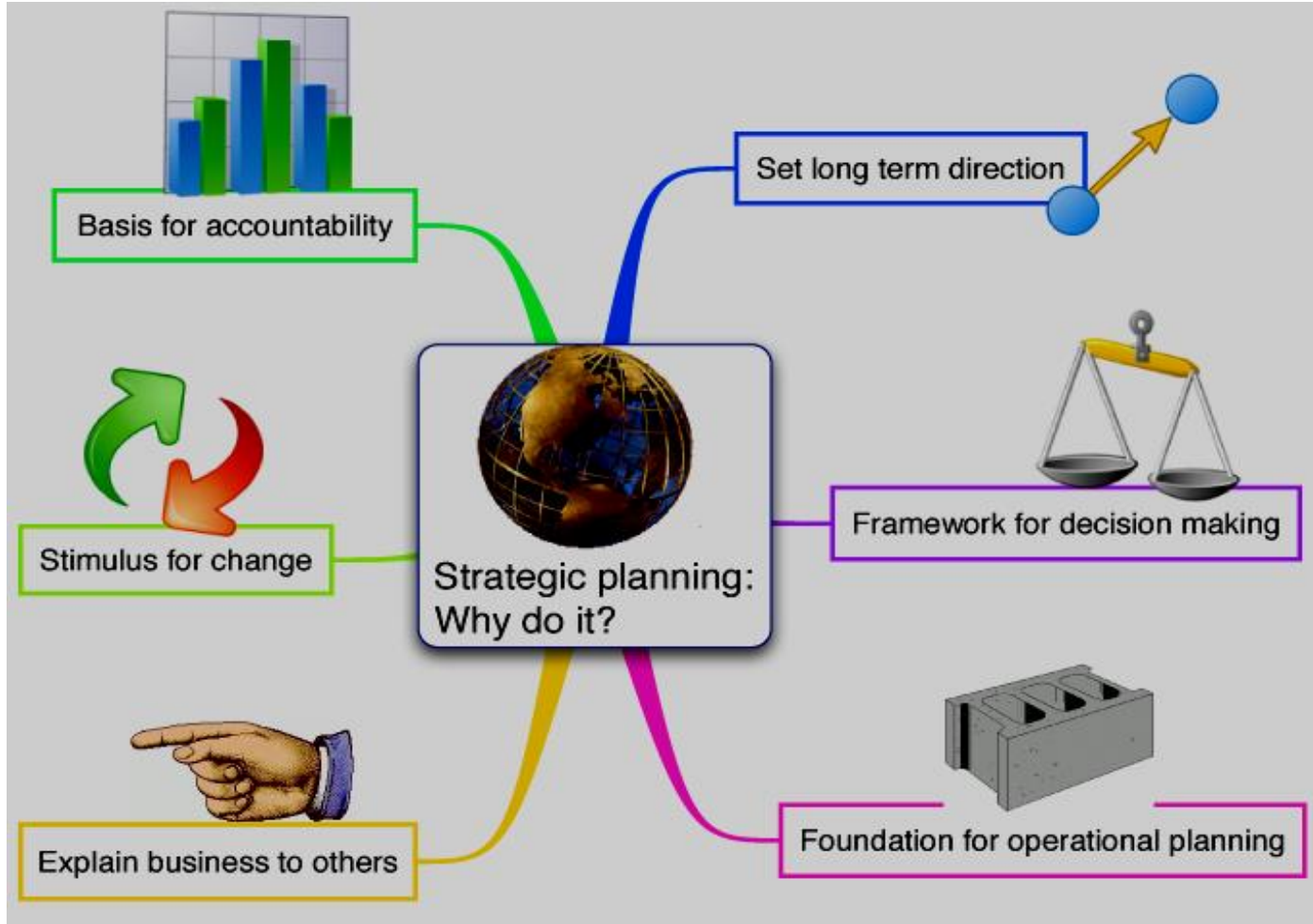
Central Bank

Stabilize

&

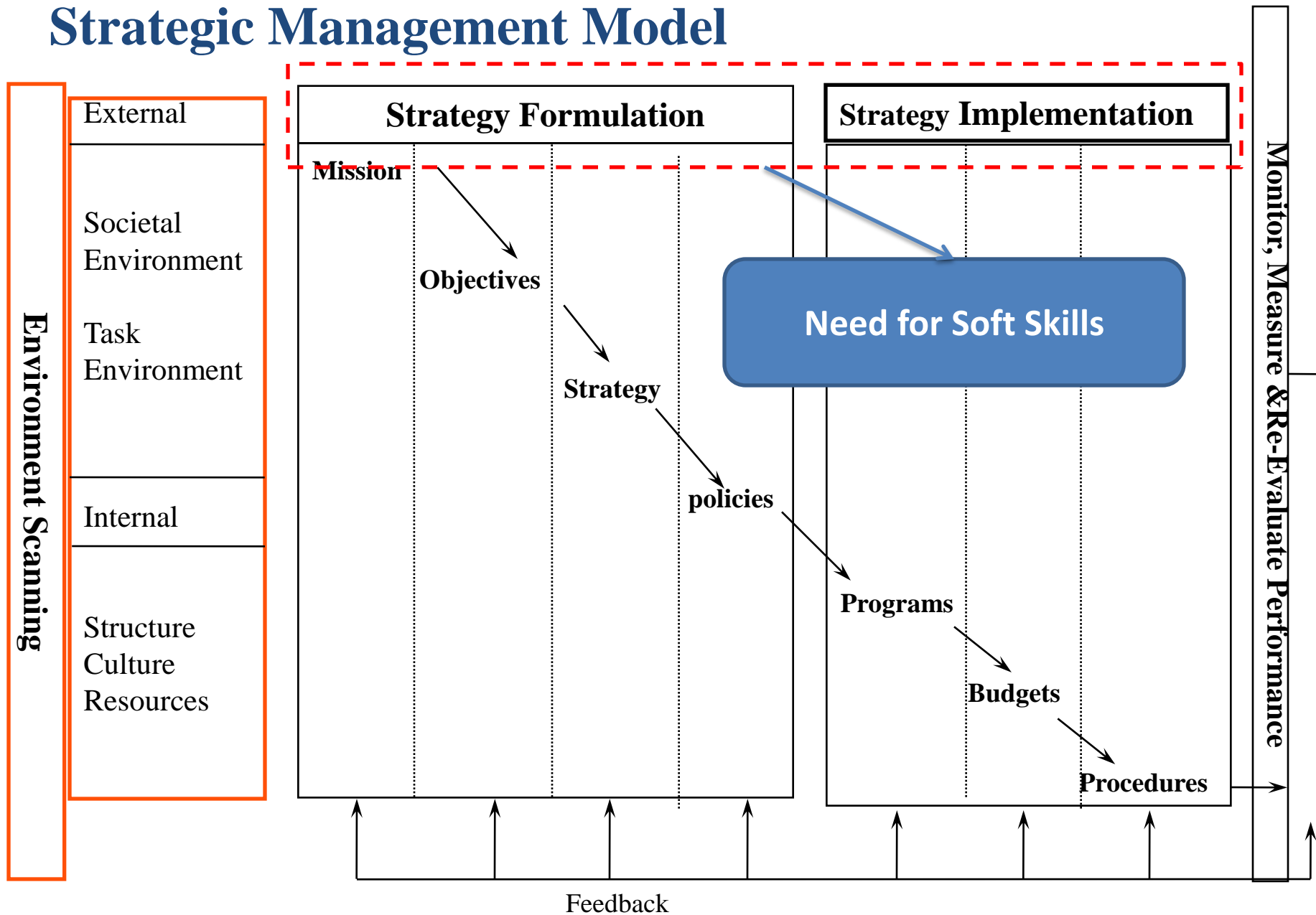
Change





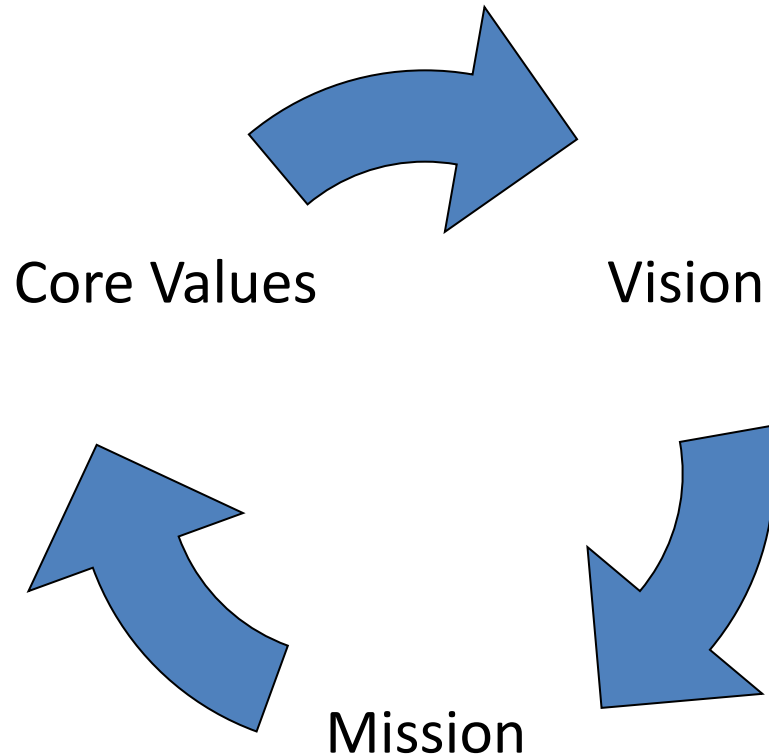
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Strategic Management Model



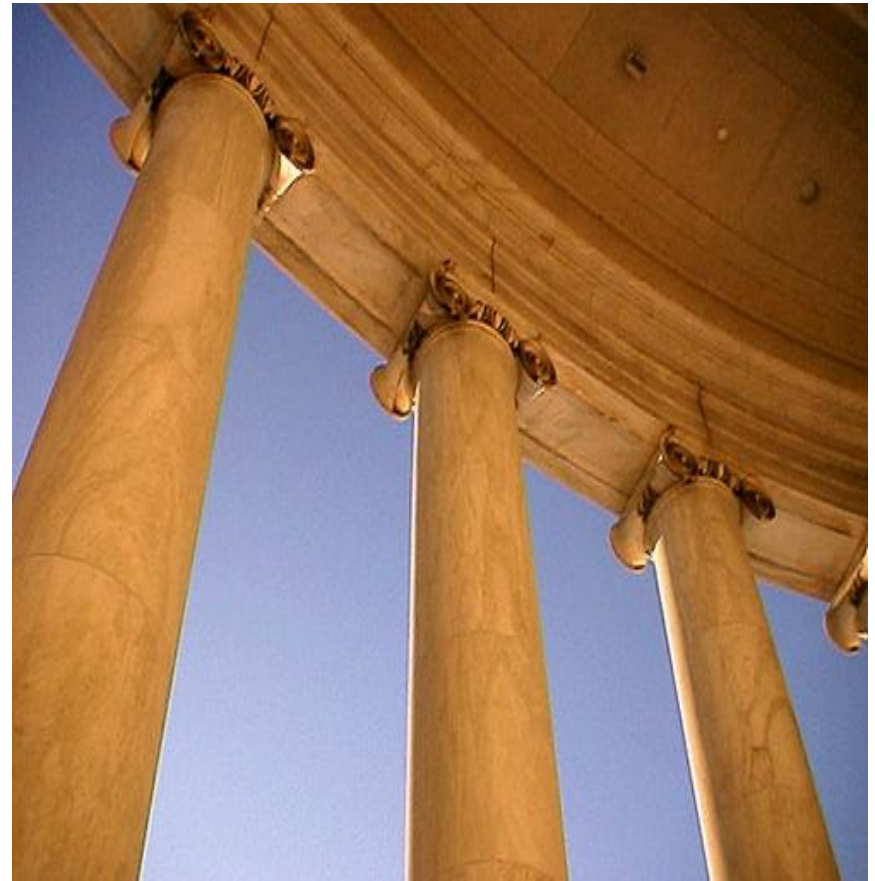
1. Vision, Mission & Values

- The **Vision** represents:
 - **Core values** to which the organization is committed
 - **Core purpose** of the organization
 - **Visionary goals** that the organization will pursue to fulfill its mission
- **Mission Statement** sets the answers to the following questions :
 - **What** we do?
 - For **Whom** we do it?
 - **How** we do it?



1. Defining Strategic Pillars

- Based on SWOT analysis;
- Major strategic areas needing significant change or growth are set;
- Strategic areas do not represent all activities of the organization;
- Strategic areas are carefully selected with structured process.



2. Setting Goals

Setting Goals for Each Strategic Pillar

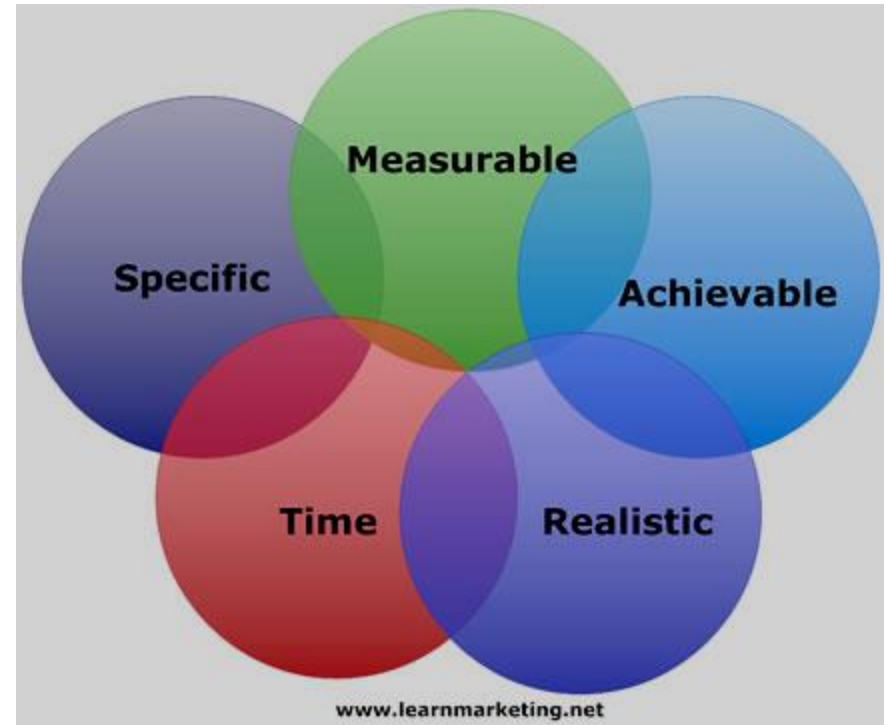
- Each Strategic Pillar has its own goals;
- Goals are based on knowledge, interest and impact;
- Goals are fairly broad.

2. Setting Objectives

Setting Objectives for each Goal

Objectives should be
SMART:

- **S**pecific
- **M**easurable
- **A**chievable
- **R**elevant
- **T**imely



2. Setting Action Steps

- Defining WHO will do WHAT, WHEN and HOW
 - Specific, “to-do” steps
 - Timeline associated with each step
 - Identify who will be responsible (name, position, department)
 - Specify resources required to complete

3. Implementation Tools

The process of putting strategies and policies into action through the development of:

- Programs
- Budgets
- Procedures

3. Implementation Guidelines

- Communication is key to good implementation;
- Define tasks and where implementers fit in terms of these tasks;
- Build accountability into the action plan;
- Set Reporting requirements;
- Communicate progress of action plan to the Strategic Planning Committee.

4. Monitor, Measure, Re-evaluate

- Schedule periodic reviews of plan;
- Measure objectives against actual performance to determine progress;
- Establish vehicles for communication; and
- Revisit and revise, if necessary.

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Strategy Exercise - a Case of a Central Bank in the Gulf

Example

Vision, Mission & Values

- **Vision**
“Leadership and excellence in financial and economic stability.”
- **Mission**
“Through the application of effective governance, we maintain a sound banking sector, support the financial system and adopt an effective monetary policy which ensures stable economic growth, lower unemployment and low inflation.”
- **Values**
 - Transparency
 - Professionalism
 - Collaboration
 - Participation
 - Trustworthiness

Environment Analysis

Example

Environment Analysis	
Internal Strengths	Internal Weaknesses
Financial and functional independence	Insufficient specialized staff
Specialized staff	Weak communication between organizational units
Work in accordance with best international standards and practices	Weak motivation and rewarding system
Distinguished financial performance	Weakness in enablement and delegation of authorities
Lengthy experience in Central Banking	Weak coordination with government ministries and institutions in related matters
	Lack of expertise in strategic planning

Environment Analysis

External Opportunities	External Challenges
Strong national economy	Regional geopolitical instability
Higher oil prices	Fluctuations in the exchange rates of major currencies
Political stability	Abundance of International liquidity
Distinguished international relations	Disparity in development policies among the country
Strengthening private sector	Current laws are not responsive to economic changes (bankruptcy laws ..
Pro-foreign investment atmosphere	Lack of courts specialised in the area of business and of resolving commercial disputes
Presence of financial institutions with vast international and regional experience	Unavailability of the economic statistics required for proper diagnosis of the economic situation in the country
Increased collaboration and coordination between local and financial establishments	Outward flow of specialized staff
	An education sector weak in producing qualified graduates

Goals & Strategic Objectives

Example

Table of Goals & Strategic Objectives

GOAL		STRATEGIC OBJECTIVE	
1	Implement an effective monetary policy that assists in achieving economic stability	1.1	Strengthen monetary policy infrastructure to implement an effective monetary policy
2	Maintain the strength and stability of the banking and financial system	2.1	Develop laws and regulations relating to activities of banks and other financial institution
		2.2	Establish appropriate infrastructure to enable the Central Bank to assess and analyze systemic risks inherent in the financial system including reputation risk
3	Develop banking operations to serve the banking and financial system	3.1	Develop common payment systems to serve financial institutions
4	Improve Central Bank capabilities	4.1	Develop human resources and promote cooperation and communication among staff
		4.2	Develop cooperation with national, regional and international organizations
		4.3	Achieve institutional excellence

Strategic Objectives

Example

Strategic Objective (1)	Performance Indicator				
	Measure	Numerical Target			
		Current Level	2010	2011	2012
Strengthen money policy infrastructure to implement an effective monetary policy	Set a cap for the rate of growth of broad money (M2)	23%	20%	15%	15%
Strategic Objective (2)					
Develop laws and regulations relating to activities of banks and other financial institutions	The ratio of completion in the implementation of Basle 25 Core Principles relating to effective banking supervision, to which the Central Bank is committed	60%	70%	80%	100%

Strategic Objectives

Strategic Objective (3)	Performance Indicator				
	Measure	Numerical Target			
		Current	2010	2011	2012
Establish appropriate infrastructure to enable the Central Bank to assess and analyze systemic risks inherent in the financial system	The ratio of bad and doubtful loans to total loans extended by banks	6.50%	6.50%	6.00%	6.00%
	The percentage of reduction in the cases adjudged to be crimes of money laundering and terrorist financing		10%	15%	20%
Strategic Objective (4)					
Develop common payment systems to serve financial institutions	The ratio of use of switch in ATMs (to overall total)	35%	40%	45%	50%
	The rate of reduction in check collection time	24 hours	50%	80%	80%
	The ratio of banks subscribing to mobile phone payment system	0%	20%	50%	70%

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The Financial Crisis has brought about numerous lessons on how Central Banks should be organized

Central Banks' response to change



Organizational restructuring

More emphasis on good governance

Emphasizing leadership

Major standardization movement

Not compromising compliance

Ensuring quality talent in the sector

Why Change is/ can be Stressful to Central Banks' Staff?

If it is not well communicated


If people do not understand why change is happening

If it is perceived as additional workload

If People do not understand what's in it for them

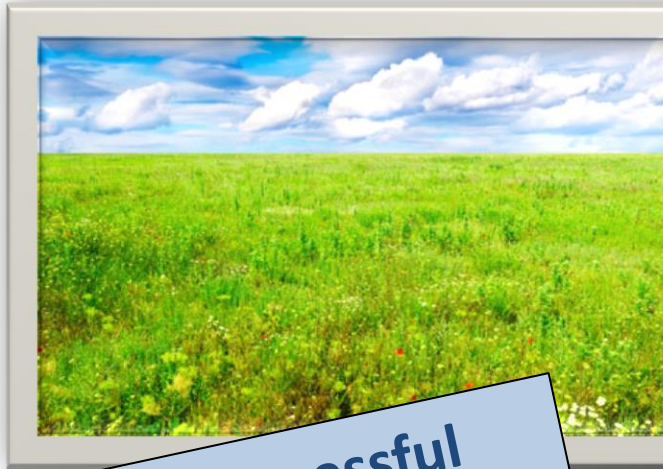
If change is too complex to understand

If it is seen as bringing undesirable results



The Leader can only handle this challenging situation and ensure the success of change by referring to strategic soft skills that mitigate confusion, build trust and belief in change and ensure its effective implementation.

The Role of the Leader in Change revolves around securing the right enablers while using Strategic Soft Skills



Successful
CHANGE



What are the Enablers of Strategic Change in Central Banks?



Strategies & Plans	<ul style="list-style-type: none"> ▪ Governing corporate values ▪ Change management strategy ▪ Communication plan ▪ Strategic-training plan ▪ Branding of change
People	<ul style="list-style-type: none"> ▪ Leadership ▪ Change agents ▪ Change communication team ▪ Staff and relevant stakeholders
Content	<ul style="list-style-type: none"> ▪ Awareness campaigns ▪ Strategic-training content ▪ Change agents training content ▪ Communication messages ▪ Change brand identity
Communication Tools	<ul style="list-style-type: none"> ▪ Newsletter ▪ Blogs ▪ Comments email box ▪ World cafés ▪ Executive briefings

* HR Works' Change Enablers Model

What are the Core Strategic Soft Skills that enable Leaders to Lead Successful Change?

1- Influencing Others

Peer influence deals with influencing the views and behaviors of peers by helping raise their awareness and contributions toward the change effort.

2- Leading Up

Leading up is about influencing one's superiors by understanding their goals and expectations while engaging them in making critical decisions or resolving issues that contribute to healthy change.

3- Relationship & Network Management

Relationship management is the process of intentionally building and sustaining meaningful personal and professional relationships that support the leader in cultivating strong relationships during a change

What are the Core Strategic Soft Skills that enable Leaders to Lead Successful Change?

4- Communication Mastery

Communication mastery is the art of interacting with all stakeholders of change by conveying information and instructions that assist people to embrace and act upon change

5- Persuasion Mastery

Persuasion mastery is the ability to convince people involved in change by providing logical justifications to change actions conveyed in an emotionally stimulating mode

6- Problem Solving

Problem solving is the ability of the leader to objectively identifying the causes of problems arising from change and highlighting potential solutions and selecting the best fit option for remedying the challenge

21st Century Leaders Competencies

The rise of “SOFT SKILLS” Star!

INFORMATION - ORIENTED COMPETENCIES	TASK - ORIENTED COMPETENCIES	PEOPLE MANAGEMENT COMPETENCIES	INTERPERSONAL COMPETENCIES	PERSONAL COMPETENCIES
Strategic thinking	Building the organization	Providing leadership	Influencing	Breadth of awareness
Business understanding	Steering	Directing teams	Relationship building	Achieving objectives
Conceptualizing	Organizing	Building teams	Advising	Self awareness
Innovating	Deciding	Coaching/developing	Team orientation	Taking initiative
Integrating	Problem Solving	Motivating	Service orientation	Showing drive
Analyzing	Structuring work	Guiding people	Cultural awareness	Showing commitment
Processing	Performing tasks	Providing support	Communicating	Adaptability
Comprehending		Transferring knowledge	Openness	

In Conclusion

Successful Strategic Change in Central Banks requires three types of Masteries. Of all three, success is dependent on the Mastery of Leadership namely the Strategic Soft Skills that the Leader utilizes to influence, motivate, and drive Change!





Leadership

Each of us can serve as a leader. And one leader creates another and another, ad infinitum, just as one candle's flame light another and another, until the once-impenetrable darkness has turned to brilliant light.

Thank You

Questions?

Answers?

Comments?

Suggestions?

Reference

- The Change Enablers Model is developed by HR Works sal, a Human Capital Consulting Firm based in Lebanon and serving the whole Middle East Website: www.hrworks-me.com Email: info@hrworks-me.com
- Website: *[http.novamind/planning/strategic-planning.php](http://novamind/planning/strategic-planning.php)*