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# **AFRILAND FIRST BANK**

## **PROMOTING A CLASS OF ENTREPRENEURS IN AFRICA**



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## AFRILAND FIRST BANK: PROMOTING A CLASS OF ENTREPRENEURS IN AFRICA

When Afriland First Bank was set up in Cameroon in 1987 it was with a mission to promote a class of entrepreneurs in Africa. The senior management team that gathered round the table in June 2002 were enthusiastic about this project that had begun in 1987 with five people, and today has a staff of 300, including 50 trainees and around 100 managers. They now have a subsidiary (affiliate) company in Equatorial Guinea, and offices in Congo, Paris and Beijing.

As one manager said: *‘The question was put – how can we contribute to the development of our community. Here the community rather than individuals influences processes. We decided to create a tool to create wealth through business promotion. This would deliver new products suited to our environment and would fit in this culture.’*

So, for example, micro-finance is a key issue that is linked to the development process in Cameroon. *‘We don’t go into an area to open a branch, but to help people to develop themselves, so this can be linked to the development of the country. It is a community approach’.*

One important element for the management team is always to be innovative, always questioning themselves and accepting that they have limitations and can improve. *‘In our strategy we make a set of observations. 70% of the economy is in the informal sector, so to develop this*

*we need to create a link to the formal sector. This has led to the development of products such as “flash-cash” which facilitates the availability of money in rural areas. When you want to promote African entrepreneurs you face the problem of lack of capital. So we have promoted venture capital for micro businesses. At the strategic level we are building a new country. The country we found ourselves in was not built for us.’*

### **Constraints and Opportunities**

According to the management team, this artificially created country is only one of the constraints they find themselves confronting. *‘It is difficult to build the [work] group as the boundaries of the country are artificial’.* This has led to tremendous ethnic diversity within the country. *‘People are going back to their roots all the time, we need cross-cultural management’.*

Other constraints are numerous. These include the importance of the state and an ethos of the civil service in the country that operates against the spirit of entrepreneurship. There is also a spirit of consumption rather than production in the country.

There is a problem of rules, where these rules are dictated by the operating and strategic constraints. *‘It is easy also to talk about corruption’* says one senior manager. This group of managers also pointed to the judicial

and legal system. *'You can't do business unless this is effective, it is difficult where you have an arbitrary system'.*

The lack of infrastructure is also seen as a problem. This includes the telecommunications industry, electricity and the education system.

## **Decision-making and the Operating Culture**

Decision making in Afriland First Bank is a group process, unless a quick decision has to be made as an emergency case. *'This comes from our African culture. We set up a college to take decisions. In traditional culture it isn't the chief who makes the decision.'*

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*Constraints are seen largely as 'external'. "The leader in our country is the IMF and the World Bank". France also is seen as a very strong influence. What can Afriland First Bank do to develop limited internal resources and to further build an 'African' business environment?*

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*'This does not prepare people for technical or managerial jobs; it prepares people to be civil servants. Business people are not celebrated in this country, and there is a lack of political will to develop business'.*

One manager suggested that after coming out of a financial crisis *'our internal resources are limited. You therefore need outside sources to help you'*. However, a fundamental problem is that *'the leader in our country is the IMF and World Bank'*. It is they who are making the rules that fundamentally affect business in the country. So, although the immediate environment of relative social and political peace and stability and the economy present opportunities, it is still difficult to utilize these opportunities. There is a need to have plans and objectives. *'But these are strongly influenced by external forces'*. This is not only the IMF and World Bank. *'We also have a strong influence of France'*.

*Every stone is turned, by bringing people together. With individual decision-making there is a chance that you will make a mistake. So decisions are taken at the group level. We are like an African family that is trying to ensure our stability for the longer period. We don't think African is best, if we can obtain value from, for example, Japanese ways we will take it.*

*'But in our family the chief cannot always see that he is doing wrong. If he is doing wrong he is punished. You listen to your brother if he is telling you that you are making a mistake. We have noticed that working in committees is a collegiate way. This is a very strong training ground. I have been trained within those committees.'*

*'Our philosophy is that we are a family and no one has an advantage. We all contribute. You have an opportunity to say what you think. If you are a member of a family you have to put controls first at your own personal level. You are the first level of control. You are then acting for the family. The*

family is the next level of control. In the bank we have levels of control at branch and headquarter levels. But the most important is at the personal level. Everyone in the bank is a controller. We have an evaluation process that ensures this.'

## **Staff Involvement and Motivation**

There is a discussion forum. 'In the north of the country you have isolated big trees in savannah areas. So people gather round the tree. They solve community matters, preventing small problems becoming destructive. This is

be able to stay in your place, or I am going to take your place tomorrow'.

Perhaps there is a problem of size now that the company has grown bigger from its origins. 'If there is a death for example, we can't all go to the funeral as we used to, as we would be travelling to such things the whole time'.

## **Management Motivation**

One of the managers thought what motivates managers the most is obtaining results that get noticed. But he suggests that the question should be

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*'It is not easy in the African culture to manage more than about 300 people'. As Afriland First Bank grows in size, how can the management team ensure continued staff involvement and motivation?*

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the model here. Every month people gather without consideration of rank, to discuss internal matters. There is no general manager present. We look at good news. We discuss things that are not right, and ask people what they think, and to decide upon the issue in respect to their individual operating unit. For the entire bank we meet informally once or twice a year, to develop a spirit of togetherness. Everyone can open the door of the GM, and put an important problem to him'.

So, there is 'fraternity and respect, solidarity, communication and a high critical feeling. You can't just do what you want. Everyone is looking at you. You may be the best in one way, but equal opportunities is not an individual matter. We are going to share the bonus. The climate is that you have to

asked "What kind of results?". 'As a family you have opportunities and you have the environment to stimulate motivation. But this is strongly linked to the individual's ambitions. Pay for example is just an incentive. The true motivation is the driving force of the individual'. But management motivation may also be driven by higher ideas. 'Most of our managers are motivated by the objective to build a country. This is an inner thing to motivate you.'

## **Performance Management Systems**

'We have specific human resource management processes. At the beginning of the year everyone in each function has specific evaluation criteria. If I am a cashier the first evaluation might be the number of

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*bank notes I have counted over the year, and the number of counterfeit notes I have taken. At the end you have the commercial criteria. At the beginning of the year you have norms. After that you set your own objectives depending on your own ambitions.*

*‘At the end of each month you have to fill in a form to compare the difference between the norms and objectives and achievements. You send one copy to Human Resources, and you keep one copy. This gives you an opportunity to compare your performance, as well as being a form of control. We have a career profile for each function within the bank. According to that profile you know where you are and where you need to be.*

*Promotion can be made in the same function but you can grow in grade. If you meet objectives three times you are promoted by rank. Also you can be promoted by function.*

*We try as much as possible to have something quantifiable to treat everyone objectively. But qualitative actions are also taken into consideration. But there should be a relation between objectives and results’. As discussed above, this evaluation process is also considered a part of an element of control. ‘If you make an error this has to be explained. So there is an element of control in this’.*

### **Management Development Needs**

One senior managers suggests that ‘we need an openness to things in the external environment, to attend

*seminars, and to know what is going on. There are things that are going to have an impact, such as technology, Internet banking’. This is important to be successful because the process of innovation is as follows. ‘You have to find a concept, then to implement, and then keep it working’. Yet ‘it is not easy to integrate people from the outside, like a consultant to enable him to give you good advice’. Similarly, when you are on the inside it is often difficult to make an informed analysis. There is also a need for time to think. ‘Our main approach is innovation, but for this we need time to think’.*

In fact most managers within the bank are engineers. This may pose its own development needs.

### **Management Principles**

*‘The inner force is an African culture, although it is also strongly influenced by state and government controls. But also the industry is influenced by foreign countries controlling Cameroon. As we are a Francophone culture we try to take an Anglo-Saxon approach that is more specific. The French approach is less specific. Indirectly there may be a Japanese influence, but this is only through the US influence’.*

Things are changing within the country and this affects the management of the bank. ‘The country is becoming more liberalized and democratic. It is moving slowly, but in the right direction. There is a sort of African Renaissance, but we have also to remove the negative things’.

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Yet managing with African principles is not always easy. *‘It is not easy in the*

*As regards the management of people ‘we have more democracy in the*

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*How can management principles be used to forge an effective hybrid management system in the Bank when “The inner force is an African culture, although it is strongly influenced by state and government controls. But also .....by foreign countries controlling Cameroon”?*

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*African culture to manage more than about 300 people. The richness of the company is in its human resources. But we have to invest a lot to meet the challenges presented to us’.*

### **Managing Change**

*‘In 1996 we drew up an internal development plan until 1999. We then did another for 2000-2005. We are preparing now a revamping, particularly in how we can sell our organization to investors, to customers and to staff. We are no longer a very, very small bank. We are looking therefore at human resource management. Also we are looking at how to manage internationally.*

*country, so this affects the way we talk to staff and do things’.* One of the stumbling blocks to changing to a new image is *‘to do things you have to be good in your own head. This is a colonial thing. Black people don’t think they are good enough, so how can black people build and run a good bank? People didn’t use to talk about these things, but now they are more in the open’.*

### **Managing Across Cultures**

*One manager said that ‘since being in the bank I have never had to discuss the inter-ethnic aspect. But in meetings when people take the floor you see people are doing this from their own*

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*“We are mainly a Bamaleke culture, so we are taking people from other ethnic groups to bring diversity and to bring in other mentalities.’ What else should the management group be doing in order to develop strengths and synergies from cultural diversity?*

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*Commercially you have to be close to the customers and give quick decisions. Some decisions can only be taken at the centre. As we are now bigger, this is no longer easy to manage’.*

*cultural education. In the north you have a big hierarchy and people behave according to their position in the hierarchy. It is similar for people from the west. In the centre and the east there is not this hierarchy. People come with their culture. But this isn’t very direct’.*

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This diversity can be both negative and positive. *‘There are more than 200 ethnic groups in the country, so we are representative of the whole of Africa in our diversity. This is the problem of this country, but it can also be a source of progress. We are moving in the company to cultural diversity. First we are addressing the Francophone/Anglophone issue by giving first preference to new recruits who are English speaking in order to obtain an equilibrium between English and French speakers, as well as helping us to operate internationally. Secondly, we are mainly a Bamaleke culture, so we are taking people from other ethnic groups to bring diversity and to bring in other mentalities. By asking a person from another ethnic group, you may get a different perspective, and therefore arrive at a good answer’.*

But the company does not use a quota system. The quality of the recruit is important. *‘We ensure this through a well establish recruitment process. This involves analysing an applicant’s*

## **Measuring Success Against the Mission**

So, the bank was founded on a vision to create a class of entrepreneurs in Africa. So far it seems the bank has been successful in building a number of big and successful entrepreneurs in Cameroon. Yet the question of whether the bank is successful or not was not a straight forward one for managers to answer.

This all depends on how you measure that success. *‘Because we need to exist, we need the means. You can ask for money, or you can create wealth. This is also a matter of dignity. The idea of the bank, like an architect and his building, came out of the mind of someone. He wanted to express something. For us, success is that people think that we are successful in our experiment. We may have made some mistakes, but the spirit that we have brought to do things is good. What makes us successful? We are ambitious. This is not to have an*

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*What does Afriland First Bank still need to do to be ‘successful’? How do the criteria of success stated by the management group conform or conflict with generally accepted measures of success in the international commercial world?*

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*file and inviting them to interview if good enough. This is done by a permanent committee of eight people who discuss each candidate for about 30 minutes, making a note of aspects such as communication skills and general intelligence, but also humility. For example, we might ask the candidate to rate him or herself on the same 0-20 scale as the committee use, to see if they are realistic and demonstrate humility’.*

*account in Switzerland, for example. We are ambitious for our country. We respect other countries of the world and we can learn many things from them. We know that if we work very hard, it is only a matter of time’.*

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This case study was developed as part of the project *Management and Change in Africa*, 2000-2004 breadth study of 15 different sub-Saharan countries, and four countries (South Africa, Nigeria, Kenya, and Cameroon) in depth, funded by Danish International Development Assistance, Copenhagen, and Institute Vital Roux, Paris

Please note this relates to the bank in 2002. If you would like to help update it please contact me.

You may also find it useful to visit the website of Afriland First Bank at:

<https://www.afrilandfirstbank.com/presentation.html>

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