Credicorp Group

Leadership Development Strategy:
An Evolving Approach Linked to Business Performance
When Credicorp, the leading banking institution in Peru, set its sights on becoming a leading financial group across Latin America, a key to success was crafting a leadership strategy that was just as ambitious and robust as its business strategy. Here’s why.

The executive team created a strategic plan aimed at leveraging Credicorp’s 120 years of experience in the financial sector to pursue growth opportunities across the Americas. The plan involved expanding into international markets, broadening the portfolio of financial services, extending into new demographic segments, acquiring businesses, and driving efficiency throughout the organization.

New strategies and business challenges meant developing new leadership competencies. After several experiences with outside leadership providers that missed the mark, a cautious Director of Talent, Ursula Alvarez, brought in CCL. “That was our last shot at formal leadership development for our top leaders,” she recalled. “Either we found the right formula with the Center for Creative Leadership or we went back to traditional management education.”

CCL’s proven track record, collaborative approach, and ability to teach and coach in Spanish opened the door for an initial leadership development program with senior managers. Seeing an opportunity to create stronger links between the business strategy and leadership needs, the two organizations constructed a comprehensive leadership training and development architecture for leaders across all levels. The goal was to create a leadership solution that would evolve in unison with the changing nature of the strategic challenges faced by organizational leaders.

Five years later, Credicorp continues to implement and evolve its leadership strategy. CCL is a trusted thought partner and solutions provider in the pursuit of bridging the strategy/performance gap that so often plagues organizations in the process of international expansion. And the company is successfully bridging that gap as it strengthens its dominance in Peru; establishes a strong foothold in countries like Bolivia, Colombia, Chile, and Panama; and adds operations in Miami. With the new strategy and new approach to leadership development in place, Credicorp Group’s revenue has grown exponentially and the strategic plan calls for even more aggressive growth and international expansion over upcoming years. This success has been fueled by sound strategic decision-making coupled with investments in the human factors to support business growth.
“By linking the development of leaders with our strategic drivers, we are laying fertile ground for strategy execution,” said Walter Bayly, CEO of Banco de Credito del Perú (BCP) and chief operating officer of Credicorp Group. “Leadership development is a strategic investment that is vital to achieving our mission.”

Credicorp at a Glance

Credicorp Ltd. (NYSE: BAP) is the leading financial holding in Peru with nationwide reputation in all brands. It comprises Banco de Crédito del Perú (BCP), Atlantic Security Holding Corporation (ASHC), Grupo Pacifico, Prima AFP and Credicorp capital.
Credicorp’s goal to move from a dominant position in the local market to becoming a region-wide powerhouse required a strategic reorientation throughout the management ranks.

As the company expanded into new markets and launched new initiatives, teams would be going head-to-head with domestic, regional, and global players across the Americas. They would be seeking—and seizing—opportunities for growth. Managers would need to steer diverse and dispersed teams; lead through rapid, frequent change; and implement new business models, systems, and processes. Managers who had been extremely successful in the past would face an entirely new level of complexity and uncertainty as the strategy was executed.

In collaboration with CCL, the Credicorp executive team identified several leadership challenges.

To achieve the business strategy, leaders would need to successfully:

- **Invest in the leadership drivers of the business strategy.** More complex levels of thinking, acting and influencing strategically would be needed in order to propel the business forward. An ambitious new strategy would be hollow if strategic leadership was weak. Leaders would need to internalize a new strategic orientation, align people and operational activities, and strengthen commitment to the organization and its strategic plan.

- **Lead strategic change initiatives.** A deep understanding of both the human and structural elements of leading change would be needed for international expansion, integration of new businesses into the company, and centralization of functions to gain efficiency.

- **Shape culture.** In the face of increased change and organizational diversity, the culture—geared to individual performance—would need to become more collaborative. High performance in the new Credicorp would come from a culture of connection. Leaders would work with an understanding of their larger organizational impact and would support each other’s leadership effectiveness by giving and receiving developmental feedback.

- **Span organizational boundaries.** To become more competitive, Credicorp leaders would need to collaborate effectively across functions, areas, groups, businesses, countries, and cultures.

- **Leverage polarities.** Competitiveness would also come from adopting a “yes-and” approach rather than an “either-or” choice regarding competing priorities. Leaders would need to get comfortable managing polarities such as change and stability, growth and efficiency, innovation and tradition, flexibility and control.
A core leadership development program was designed around the set of key individual competencies and delivered to the top 500 leaders across all business units in the organization. This core program built self-awareness, strengthened the competency of individual leaders, laid the foundation of connected leadership by bringing together leaders from across the organization, and began to forge a common leadership language, and culture.

Every person in this leadership pool worked with an executive coach in order to tailor an individual developmental plan aimed at strengthening the competencies most important for their success at Credicorp. A pool of professors and executive coaches from more than 15 different nationalities converged to support leaders in their personal development while bringing a diversity of knowledge and experience unprecedented in traditional Latin American training scenarios.

“We know that we must reach our numbers, and we will only reach our numbers through our people,” said Credicorp’s Alvarez. “Working with CCL, we know which human factors or talent drivers to focus on to strengthen individuals and the organization to meet our challenges.”
In addition, each leader is a member of a learning and developmental support network in which they share with each other their developmental challenges and the action items that they intend to carry out in order to strengthen their leadership capacities. These “accountability partners” or peer consultants both challenge and support each other in implementing their developmental plans.

As “leader development” at the individual level took root with the implementation of the core leadership program, Credicorp executives sought to take a more strategic view of “leadership development” at the organizational level. It became apparent that leaders at different levels in the organization required leadership solutions tailored to the types of challenges they would face as strategy formulation shifted to strategic execution. A dual developmental approach—individual competency and collective capability—would become the foundation of a broad and deep leadership strategy.

This dual approach resulted in a radical new framework for development: the Leadership Solution Architecture. The concept of leadership development shifted from delivering a stand-alone training program to ongoing learning experiences that stretch over a 12-month period and are tailored to the senior leadership team (SLT), senior managers, middle management, and up-and-coming high-potential leaders. The architecture consists of face-to-face training modules, periodic executive coaching, follow-on practice modules and applied research activities, plus strategic thought sessions with the SLT.

### From Leader Development to Leadership Development:

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<th>Leader Development</th>
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<td>Focus: Individual</td>
<td>Focus: Collective</td>
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<td>Process: Leaders influence others</td>
<td>Process: Creation of direction, alignment and commitment (DAC)</td>
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<td>Development: Leader skills and perspectives</td>
<td>Development: Collective leadership practices and culture</td>
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<td>Assessment: Career progress or performance</td>
<td>Assessment: Degree of DAC</td>
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<td>Build talent</td>
<td>Build organizational capability</td>
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The results of creating a leadership strategy linked tightly with Credicorp’s business strategy are reflected in several overarching leadership themes:

**Commitment to building new competencies**

We've seen a realization by individuals across the management pool that the change in strategic direction requires them to build new competencies.

**Young high-potential leaders say things such as:**

“Wow! I guess it’s true that what got me here may not get me to that next level. I sure didn’t hear that at business school, but I get it now. It’s not just about me; it’s about how I impact others.”

Experienced and high-potential leaders alike fully grasp that past success does not guarantee future success.

**Ursula Alvarez explains:**

“We are seeing a change in mindset. From leaders ready and willing to achieve short-term results to leaders ready and willing to step up and become agents of strategic organizational transformation.”
An evolution toward a more interdependent, collaborative approach.

Leaders see their ties to stakeholders and outcomes in other parts of the business and they are changing their leadership style accordingly. A quickly rising middle manager explained:

“Wasn’t it comfortable when I could just manage my team and focus on meeting our key performance indicators? I now spend most of my time thinking about how we will influence other departments to collaborate, influence top decision-makers for resources, influence suppliers to forge partnerships, influence distribution channels to reach new customers. I now see the connections and am starting to see how they work.”

CCL conducted in-depth interviews with the top 20 women in the organization and they articulated an exciting shift that they see happening from the “results only” culture to results through collaboration and teamwork. This was evident in many small ways throughout the organization—offices of senior leaders with doors open and extended invitations to come in, direct reports being sought out for their opinions, moves towards open-plan work areas etc. The women in the research observed the change in culture and heralded it.

A genuine interest in aligning efforts to meet a greater organizational aim. Leaders understand and support the strategic changes that have been implemented and are underway. They see value in the “whole” of Credicorp and in the overall mission of the company.
As the HR director of one of the business units said:

“I can see that we will be more competitive when I am sharing my talent pool with other business units across Peru or in Bolivia or in Miami. I see that because I now understand that ‘we’ means Credicorp. That my talent pool is our talent pool. As we share talent, we gain a ‘Credicorp identity.’”

Ursula Alvarez further noted:

“Our leaders are seasoned professionals and graduates of the top business schools in the world. Finally, they are seeing that the collective success of Credicorp is the key to each individual’s success. Connected leadership is becoming the new paradigm for individual and organizational success.”
Dedication to the leadership strategy. The senior leadership team is fully behind the need to develop leaders and leadership in order to achieve high performance and successfully implement the business strategy. They take time to “power down” from the day-to-day operations and consider how leadership drivers and shaping elements of culture will be critical to strategy execution.

As Walter Bayly commented:

“We spend a lot of time formulating and implementing our strategy. Our time with CCL allows the senior leaders to step back and reflect on the human impact of our strategic decisions and the implications for the leadership culture necessary to achieve our aims.”

Superior Performance. As the company has shifted its strategy and pursued development of human capital, its stock has out-performed both the Dow Jones and the Lima Indexes:

Stock Price Performance
(May 1st 2007 = 100)
According to the *Wall Street Journal Market Watch*, the foundation of Credicorp’s success can be found to a large extent in the organizational commitment to high-caliber talent: Credicorp stood out once again in the nominations of *Euromoney*, demonstrating the excellence of its business management, as well as, the quality of its senior management, its ongoing commitment to corporate governance and sustainability, and mainly the professional quality of all its employees.

Credicorp has also established a portfolio representing a wide range of products and is a market leader in most of its product lines. It enjoys a widespread customer base and a strong brand reputation.

### Positive Recognition for Performance

Credicorp’s commitment to building leadership capability as a lever to implement the business strategy and achieve superior performance is getting noticed. In March 2013, Credicorp was named by *Euromoney* magazine as:

- **#1 Best Managed Company in the Banking and Finance Sector in Latin America**
- **#1 Best for Shareholder Value in Latin America**
- **#1 Best Managed Company in Peru**
- **#2 Best Managed Company Overall in Latin America**, among 261 nominated companies
CCL’s reputation; grounded in solid research methodology and a distinct approach to leadership development, provided the initial credibility for what would become a close working relationship with Credicorp.

“What we do extremely well is design and deliver exceptional development experiences—on the ground, with every person, every cohort, every time,” said CCL’s lead faculty David Dinwoodie. “But everything is steeped in research, data and knowledge that taps into the full scope of CCL’s expertise.”

For example, CCL conducted qualitative research to identify and explore the leadership challenges brought on by the growth and expansion strategies and compare those challenges to other superior-performing organizations across the globe. Quantitative research correlated particular aspects of leadership culture with strategic decision-making, hard business results, eliciting motivation, and ability to perform. Both these studies were woven into the Strategic Leadership Program for top executives at Credicorp.

“This gave the executives relevant information regarding the leadership challenges they face as a result of embarking on a strategy of international expansion and showed how leadership culture is directly linked to hard business results such as sales, profit, market share, efficiency, and innovation,” said Dinwoodie.

“The executive team sets the direction and makes strategic decisions about where the organization is heading,” added Credicorp’s Walter Bayly. “Then faculty like Laura, David, Enrique, Montse, Gabriel, Rosa, Sandy, and a host of CCL coaches come along to challenge us. They challenge us with relevant data, with tough questions, with uncomfortable realities, and with their own professional expertise in international business. This is a healthy sounding board for the transformational changes that we are implementing as we grow and expand our business model.”

This breadth and depth of interaction has allowed CCL to assist Credicorp in clarifying what matters most from a human potential perspective—and how to get there.
While CCL’s expertise and credibility was important, building trust through close collaboration was the most important factor for success of building Credicorp’s leadership strategy.

“It took time for the leaders at Credicorp to trust us,” said CCL’s Laura Santana. “They needed to trust that we were not forcing USA-centric solutions on them, but honoring their expertise within their market and with their people—expertise that only comes from the challenges of living and working in the cultures where Credicorp does business.”

The talent management team remembers CCL’s willingness to adapt the leadership solution to Credicorp-specific needs and challenges, opposed to offering an off-the-shelf program.

“Little by little, by working hand-in-hand with Credicorp’s internal talent management teams, CCL’s work evolved from one program, to an extensive multi-level leadership solution, to being a thought partner with the strategic leadership team to align business and leadership strategy,” added Dinwoodie.

“CCL helped us accomplish our objectives by listening to us to understand our business, culture, strengths, and challenges,” Credicorp’s Alvarez said.

“The CCL team proved themselves in the classroom—face-to-face with our leaders, delivering at a high quality. Over time, they demonstrated patience, knowledge, and understanding of Credicorp, and proposed solutions to new strategic challenges as they emerged—on a day-to-day basis the Center for Creative Leadership is proving to be that trusted partner and leadership advisor that we sought when we first embarked on this fascinating strategic journey.”
Aligning leadership strategies with the shifting strategic orientation of the organization is ongoing work for Credicorp and the Center for Creative Leadership. Individual leaders continue to progress through levels and learning as mapped out in the leadership strategy architecture. In parallel, corporate executives and senior faculty continue to explore the strategic leadership initiatives that will build the organizational capability to convert strategic intent into organizational practice and achieve superior performance.

In coming months, Credicorp and CCL will:

**Take time for strategic leadership reflection.**

The Credicorp senior leadership team and CCL faculty will continue to be thought partners to ensure that the critical success factors for executing on the business strategies are supported by leadership strategies—the human enablers to business strategy. We will advance leader logic and fine-tune collective decision-making related to the core elements of leadership strategy:

- Individual development plans
- Feedback
- Feedforward
- Executive coaching
- Accountability partners
- Developmental support networks
- Continual progress measures

**Create and fine-tune methods for continuous evaluation.**

The team will implement a rolling evaluation process that links over a 12-month period:

- Individual development plans
- Feedback
- Feedforward
- Executive coaching
- Accountability partners
- Developmental support networks
- Continual progress measures

**Leverage Women’s Leadership research and professional advancement.**

Credicorp has already embarked on a commitment to co-inquiry and co-creation by developing women leaders and including their voices in the organizational discourse. They plan to continue championing the cause of women leaders within the organization and in the societies where the organization does business through collaboration with CCL specialists Laura Santana and Montse Auso in themes related to female executive leadership development.

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**Leadership Strategy Formulation**

- **Element 1** Leadership Drivers of Business Strategy
- **Element 2** Leadership Culture
- **Element 3** Talent Systems
- **Element 4** Organizational Design
Facilitate executive knowledge-sharing.
The goal is to share organizational wisdom throughout the
different levels of the business and among diverse leaders
by transmitting the lessons of experience accumulated by
the successful executives within the organization.

Engage in applied research to inform future leadership
solutions decision-making.
By participating in CCL’s international research projects
related to CEO and senior leadership challenges, strategic
leadership models, woman’s leadership issues, and global
leadership themes, Credicorp will establish a solid basis for
internal and external benchmarking. This comparative data
analysis will ensure that Credicorp’s leadership solutions
architecture is grounded in proven methodologies, while
at the same time, remains at the cutting edge of global
leadership development.

In these and other efforts, Credicorp maintains the dual
focus of leader development to enable people to perform
to their highest potential, and leadership development
to build the collective capability and culture to achieve
strategic objectives.

Making strategic investments in intangible elements of
human potential is always a hard sell in corporations.
However, when senior executives are convinced that
business and leadership strategy go hand-in-hand and
are committed to bringing leadership alive throughout
the organization, the probability of achieving superior
performance is high.

“Credicorp is diversifying and entering into new lines
of business in new markets,” said Walter Bayly. “Our
leadership strategy must guide us in structuring our
business, developing our people, and shaping the culture
that is right for the different industries and markets that
we enter.”

“We expect the Center for Creative Leadership to continue
to partner with us to assess where we stand in relation to
world-class leadership development, challenge us to move
outside of our comfort zone, and support us in building the
human capability to live our organizational mission
and achieve the full performance potential that lies within
each individual of the Credicorp family, he said.”
The Center for Creative Leadership (CCL®) is a top-ranked, global provider of leadership development. By leveraging the power of leadership to drive results that matter most to clients, CCL transforms individual leaders, teams, organizations and society. Our array of cutting-edge solutions is steeped in extensive research and experience gained from working with hundreds of thousands of leaders at all levels. Ranked among the world’s Top 10 providers of executive education by Bloomberg Businessweek and the Financial Times, CCL has offices in Greensboro, NC; Colorado Springs, CO; San Diego, CA; Brussels, Belgium; Moscow, Russia; Addis Ababa, Ethiopia; Johannesburg, South Africa; Singapore; New Delhi-NCR, India; and Shanghai, China.