



GUIDANCE

ISSUE 2

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Taking Action

The Universal Standards for Social Performance Management were released in 2012 to industry-wide acclaim and high approval ratings. SPTF's Implementation Guide is the roadmap for institutions to put the Standards into action.

Social Performance Management

Social performance management, or SPM, is a management style that puts customers at the center of all strategic and operational decisions. In the context of financial services, SPM means more than *client protection*. Client protection—the commitment to do no harm—is the responsibility of all financial services providers. *Social performance management* applies specifically to double-bottom-line institutions: those with proactive social outcomes they want to achieve along with financial goals.

Those institutions need to take deliberate action to ensure their own sustainability and to serve clients' interests, including reaching excluded populations; understanding clients' needs; and designing and delivering products that help clients cope with emergencies, invest in economic opportunities, build assets, and manage their daily and long-term needs. It is this effort that constitutes social performance management.

The Universal Standards

There is no single formula for successful SPM. However, the industry has recognized a set of core management practices that constitute "strong" SPM. These practices form the [Universal Standards for Social Performance Management](#), codified by the [Social Performance Task Force](#) through broad-based and sustained collaboration with every stakeholder group from the global financial-inclusion industry.

The Universal Standards are organized into six dimensions (see figure), each containing multiple standards. A standard is a simple statement of what the institution should do to manage social performance. For each of these standards, there are several "Essential Practices" which detail how to achieve the standard.

The Implementation Guide

After the introduction of the Universal Standards in 2012, the industry asked the SPTF for guidance on how to put the Standards into practice. [The Universal Standards for Social Performance Management Implementation Guide](#) ("the Implementation Guide") responds to that demand.

"Guidance" is part of a series of short topic-specific bulletins produced by the Social Performance Task Force to inform its membership and other interested parties about key developments. Your comments are always welcome. info@sptf.info

WHY SPM?

- **Demand-driven products & services.** SPM is a powerful way to understand what clients truly need and value. This helps the institution serve them better, which helps client retention—and thus improves sustainability.
- **Protection against mission drift.** Spelling out social goals in the business strategy helps ensure that as the institution grows and changes, the social purpose will be retained.
- **Investors/donors.** Stories aren't enough. Systematic SPM demonstrates seriousness of intent to socially responsible funders.
- **Staff morale.** Part of SPM is treating employees responsibly. Institutional culture and individual performance improve when staff know they are valued.
- **Influence regulation.** Institutions with strong SPM practices have good reputations—and thus the credibility to influence policy.



Taking Action (cont'd)



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TA is a click away

Especially if they are new to SPM, financial institutions often find value in hiring external technical assistance. The Social Performance Task Force maintains a database of professionals who can provide TA in various areas of responsible finance. The database is constructed from self-reported data and provides information on each provider's experience, references, and contact information. Access the database at www.sptf.info/resources/ta-providers

"At MicroLoan Foundation, we recently designed a new methodology for delivering products and training to serve our clients better. We used the Implementation Guide to inform ourselves on several points related to the effectiveness of those changes. The reason I find the Implementation Guide so helpful is that it gives practical and tested solutions to very specific queries. The information is comprehensive, and it is clearly laid out so you can quickly take away the key messages you need."

Daniella Hawkins

Social Performance Manager
MicroLoan Foundation

About the Implementation Guide

The Implementation Guide was designed as a "one stop shop" for SPM. It captures all the standards and Essential Practices within each of the six dimensions (see figure on other side). And it organizes the information into three chapters designed to make it easier for all stakeholders to understand the Universal Standards and put them into practice according to their own priorities.

Chapter 1 lays out five steps for **creating an SPM action plan**. Use this Chapter to introduce the Universal Standards into your institution, to evaluate your practices, and to create an action plan for improved SPM.

Chapter 2 helps you **operationalize the action plan** you developed in Chapter 1 by helping you identify the specific data and management positions involved in making important operational and strategic decisions.

Chapter 3 contains "**how to**" **guidance for each of the 19 individual standards** that comprise the Universal Standards. Users may find it most practical to refer only to those practices they want to improve rather than reading the chapter from beginning to end. The **Resources Annex** provides an extensive list of existing industry resources that correspond with each of the standards. Practitioners can refer to the resources to aid the implementation of one or more specific standards. These resources can also be found online, in the [SPTF Resource Center](#). The Resource Center is updated continually.

Getting Started

There is no chronological order to the Universal Standards—there are many possible starting points for improving practice. The Implementation Guide, therefore, makes it easy for institutions to pick and choose the specific material they need. Most financial institutions will use one of three starting points:

Reviewing the social mission and goals	Reviewing all SPM practices	Addressing an operational challenge
One common starting point for strengthening SPM is to first examine the social mission and use it to formulate specific social goals. Then the institution can decide how to improve management systems (people, products, policies) to reach those goals. This approach can be very helpful because it allows management to begin with something familiar—the mission—and work outwards from there.	This starting point allows an institution to become generally familiar with all aspects of SPM before deciding how to proceed. It is a useful approach for institutions that are either unfamiliar with SPM or that have already implemented some SPM practices and need to prioritize next steps.	For some, SPM is most relevant when it is used to address a specific operational challenge. Common financial problems (e.g., client exit, high PAR,) can be addressed with SPM interventions such as understanding the needs of different clients (standard 3a), and designing products and services that meet specific needs (standard 3b).

Who should use the Implementation Guide?

Mission-driven financial services providers. These may range from credit-only nongovernmental organizations and cooperatives to non-bank financial institutions, microfinance banks, and even commercial banks (to the extent they target low-income and underserved clients).

Financial institutions who are not mission-driven but who may be striving to achieve more responsible practices generally. Dimensions 4 and 5 will be particularly useful for these institutions.

Other stakeholders who need to understand SPM and how to evaluate it. Donors, investors, auditors, raters, technical assistance providers can use it as a learning, teaching, and evaluation tool.