CHARTER: SOCIAL SYNERGY FOUNDATION

In the development sector, most managers in organisations, including the leadership as well as the grass-root community volunteer, feel their organisational journeys to be unique. In their sub-conscious, they cling to this belief in their daily work. It is what brings strength to their conviction and energy to their exertions.

While the individual stories certainly vary in their details, there is a common thread which treads their outlines. What separates an organisation that works with bonded labourers in a taluka with one that works on empowerment of women in urban slums? What binds both of them together? What differentiates an organisation focused on the rights of Women and LGBT community with that promoting fair trade in Indian supply chains? What are the worries and anxieties common to both of them?

Actions of managers in the development sector are a result of specific paradigms – reflective of the peculiarities of their respective organisation and the circumstances which gave it birth – but also an outcrop of the innate philosophy underlying the notion of development itself. In the development sector these paradigms are very rich and constructed out of a long history of anecdotes, ideologies, existential crises of the funding kind, a culture of individualism and strong personalities, and a latent and unrealized need of individuals (some at least) for a stubborn engagement to see a different society.

Why is it so important to focus on unearthing these paradigms? It is important, if one believes like Social Synergy Foundation does, that development is not about provision of housing, sanitation and subsidies to those entitled to it, but it is fundamentally about changing the power relations and access to resources amongst different stakeholders of society in a manner that is just and balanced.

For a development sector organisation to meet this 'test of development' means maintaining mission-integrity, community-centricity and cohesiveness across all its important decisions. This is possible *provided* an organisation has a <u>system of values</u> and possesses an ability to make decisions with reference to this value-system. In a sense, then, this is the fundamental skill of managing a development sector organisation. Compared to a corporate, the notion of values acquires a disproportionate importance in a development sector organisation.

In concrete terms, it is visible in the ability of managers to pace their community work and not succumb to unrealistic pressures from donors; being mindful of the organisational ethos and not tampering with it under any circumstance; not falling into the trap of treating field-workers as expendable labour but as individuals with unique personalities deserving respect; knowing what fads to adopt and which to give a short shrift to; not forgetting why everyone is in it in the first place – a job yes, reasonable pay yes, but also something more than that; and not shying away from having an ideology, even if the world outside terms that ideology passé, impractical, naive and beating-the-bush-once-too-often.

The aim of Social Synergy Foundation, then, is to support an organisation in the development sector to make decisions in line with its character. Its (Social Synergy Foundation's) own mission is to practice, master and promote this approach to decision-making as a distinctive craft within the field of management of development sector organisations. We call our craft 'organisational development' (for lack of ready availability of an appropriate phrase).

Our interest in this area of management in general, and management consulting in particular, stems from our conviction that the difference between organisations and institutions is only one: the gap between what is practised and what is preached. Hence, our ultimate passion is to help organisations in the development sector *transcribe* themselves into institutions by ensuring this gap stays within as narrow a bound as possible.

Given this passion of ours, it becomes even more incumbent upon us to behave as an institution before we advise others. Hence, our first, and the most critical, step in this direction is to be forthright about what our moral compass is, our preferences are, where we are likely to hold fort and where we are likely to bend, and what reasons drive our behaviour – very much, an explanation of our own character (or operating paradigm). This is to give an opportunity to those who work with us to assess and critique our temper and our work and hold us to account when the need arises.

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Below, we detail our paradigm one step at a time drawing from our experiences and preferences built up over years of engaging with stakeholders, either in capacity as a management consultant or investment adviser.

I. Value-centricity. It is easy to state a set of values on one's website. However, our values and paradigm will be most visible in the consistency of our behaviour with our clients, our Board, partners we work with, and any other stakeholders that engage with us. Individuals will develop perceptions about us which will cohere into a 'Social Synergy' brand. Hence, if we have to ask ourselves how best do we demonstrate our values it is more important that we focus on the question: what do we wish the phrase *Social Synergy* to stand for?

The short answer is: an organisation that puts the individual over the institution, and plays the game by the rule-book. Thus, our behaviour should reflect that we possess:

A strong sense of what is fair and what is unfair with regard to 'development'.

An ability to stay focused on issues, concepts and theories which are authentic, relevant on the ground and humane; and an ability to ignore and stay above the noise of the latest thought-fads.

Promoting a manner of making decisions grounded in independence, consistency, appropriate sequencing and cohesiveness.

A forthrightness to state things in plain and simple terms to our clients when we perceive they are materially diverging from their mission.

Upholding the need for financial prudence and probity at all times, including, and especially, paying our full and fair share of income taxes and encouraging our clients to do the same.

A distaste towards all kinds of short-cuts, opportunistic behaviours, and wily stratagems.

An ability to find space for our mission in the market rather than the market dictating what our mission should be.

An ability to say no to business opportunities, however lucrative they may be they do not fit our sense of right and wrong.

The alterness to not fall into the trap of what Warren Buffett called the *institutional imperative:* action for the sake of action, or because their money to burn. We should be willing to shut down Social Synergy Foundation if stops being richly meaningful to its clients, and instead becomes a convenient gateway to supply ready income to us.

A commitment to give as much time to the client as is needed, and not be bound by norms of scope, costs and 'professionalism'.

To be alert to opportunities where someone in our network could benefit someone else and to make these introductions without any intent from our side of financially benefiting from it.

II. Management Consulting as craft. Management is less to do with the why & what and much more to do with the how. It is less about vision, mission & strategy and more about people, structures, institutions, governance, finance, operations, culture, ethos, values, consistency, communication, behaviour, relationships, and, ultimately, bringing meaning to one's life through one's work. It is a very broad rubric.

Like all broad rubrics, management is nothing but an acquired skill. Being a skill, it is more craft than science or art. Many consultants are prone to forgetting this at regular intervals and slide into the 'Brahminical mode' which relates more to the why's and the what's.

As far as the why's and what's are concerned, we rigorously maintain: by and large the client knows more than us. We simply turn the wheel and mould the clay. Sometimes our moulding will be smooth, sometimes a bit scratchy. But as long as we keep at the wheel, we are more likely than not to produce a useful vase which can endure the test of time.

From our perspective, we would like to be reminded of our craft-roots forcefully whenever we deviate from it.

III. An industry and not a profession. Taking a moderate view of our own abilities has several advantages. One of the biggest is that we realize we have to labour to learn and earn our bread. Consulting is not a service for us but literally a form of 'industry'.

Hence, we claim that we are in the **'business' of organisational development'** which by definition is a very strenuous, long-drawn (multi-year and week-after-week), psychologically taxing and, at times, monotonous process of engagement with our clients. It is a fair but not a great paymaster with limited opportunity for growth in real-wage-terms. For us, it is more blue-collar than white-collar.

But we would not have it any other way. Consulting as a profession, which is how it is largely practiced by most consulting firms, means a brutally competitive market wherein an enterprise with the biggest brand equity gets the cushiest assignments on which it then endeavours to squeeze out profits. And when a profession is converted into a sector more effort is spent on building networks, relationships, and maintaining the brand than with the clients. A professional service sector skews the equation of me-time and client-time, and we can all imagine where the skew will veer towards.

From our perspective, we would like the skew to turn into a more balanced weighing scale.

IV. From industry to an investor. This may seem counter-intuitive to many, but because we are 'industrious' (and not endowed with genius or an inherited brand) we really value our time as we have no other capital. If a worker who works 9 to 5 has to maximize his productivity, he has to be careful on how he allocates that time. Likewise, we have to be very choosy on who we spend our time with, when and how.

Hence, **and this is most crucial aspect of how we operate**, we view ourselves as investors in our clients. Like a financial investor who brings capital, we bring our time, skill and values into play. Within the fraternity of financial investors, we align more with the Berkshire school of value- investing wherein you hold onto good companies for as long as it makes sense.

For us, this approach has a few advantages: One, because it assures us recurring income stream month on month; secondly, we realize that being modest craftsmen we can only add value after enough practice, i.e. after knowing our clients over a sufficiently long period of time. Thirdly, building new healthy relationships which you enjoy being 'industrious about' is painfully challenging. If you have found one why leave?

We will take up short-term engagements which pay well and where we think we can add honest value. But engagements involving meaningless analyses of data to reveal "deep insights" through highly complex presentations is not what we are likely to do, *unless* our financial position makes us desperate to.

Like financial investors, we manage our relationships as a portfolio because a portfolio by definition has limits, forcing us to make hard choices. We can only manage so many long-term relationships at a given time. Since our model of engagement is very personal, very intensive and covering a few years, we are highly unlikely to go beyond a limited circle of clients.

This means that we are very likely to actively pursue some organisations which intensely interest us. If we have to confine ourselves to a few let those few be the ones we really enjoy working with.

V. Investment, by definition, demands structure and accountability. If we are investing our time into organisations of interest to us, we want someone to tell us whether or not we are spending our time the right way with our clients and charging for our time in line with our own mission. Else, our 'investments' are likely to turn sour.

Hence, even for an extremely small entity, we are structured as a company and not a partnership. Within the company law, we have chosen the Section 8 format over a not-for-profit or a private limited concern. Section 8 structure reminds us that we have to make money for ourselves but within limits. Secondly, a Section 8 structure places enough regulatory constraints to ensure proper boundaries between governance and management.

Through its mechanism of membership, a Section 8 concern also allows us to bind individuals, with whom we share a common outlook and a deep level of trust, to become part of our structure — all without putting a deep dime of their own money into our business. As member of a section 8, however they personally stand liable to meet any financial liabilities were the company to go broke. Thus, in a sense, their membership is an article of faith that they repose in us. They get nothing from us, but stand to lose a fair bit if we, as managers, are careless in our job.

In short, we are financially responsible to our members, and through our members, to the public. This will ensure that we internalize every bit of financial conservatism and prudence which we are wont to preach to our clients.

VI. A lower cost pass-through. The element of financial discipline puts enormous pressure on the management to avoid meaningless and wasteful expenditure amongst which we count attending conferences, networking events, and unproductive travel. It also means controlling our out of pocket expenses, choosing clients who will promptly pay us and ensuring rational increments to our salary. It also means that when we do spend we are likely to spend well and with an ease of mind.

Our clients will immediately recognize the benefit this financial discipline to themselves: given that most of their engagements with us are likely to be medium to long-term, even a 1% decline in our monthly billing could translate into material cumulative absolute gains for clients over a 24 to 36 month period (a minimal time period for our engagement).

This is a point that is often lost sight of in the development sector. In all the talk of helping the marginalized and those at the so-called 'bottom-of-the-pyramid' there is a remarkable forgetfulness about the real cost of intermediation. Some cases are so ludicrous that at times it may be far more practical to drop 'helicopter money' to the intended beneficiaries instead of inventing a long supply-chain starting from the World Bank and involving the Government, the Network platforms and aggregators, the funders / investors, the individual enterprises, not-for-profits and the consultants.

We are not here to preach a radical ideology of change as we do profit from this chain ourselves (we are not proud of it though). We want to make sure, to the extent we can, that we do not load the already over-loaded chain-train and that our intermediation does not visibly reduce the economic benefits which could flow to the communities our clients directly work with.

A good way to describe this approach is that while we have all the paraphernalia of a company, we will spend only to 'synergize' the talents of our team and our members, and in the process try to act as a thin look-through wrapper.

Rest assured, we are likely to emphasize the same financial philosophy to our clients: spend with a mindfulness of those upon whom the entire sector flourishes but who are often abstracted away as the 'marginalized', 'beneficiaries', 'poor' and 'communities' in funding proposals.

VII. Price is what you pay, value is what you get. How do we charge our clients for our craft?

Consulting works on the supposedly simple multiplication of billable rate and billable time. Both are very subjective notions left to the discretion of consultants, and an outcome of negotiations with the clients. For us, the notion of billable time makes very little sense in an engagement spanning two to three years involving a fluid scope of work. A monthly retainer fits our manner of engagement wherein we commit a certain number of days (not hours) to a given client every month, and in some cases, every week.

How do we arrive at a billable rate? The tendency is to benchmark yourself to a 'market rate' and then add a premium onto the market-rate based on what one believes to be one's calibre. A more honest, and also a fairer, approach in our opinion is to evaluate where would we, as consultants, fit into the pay-scale of our clients. Typically, the support we provide expands the management band-width of the leadership. Hence, our fees will be some proportion of the average pay of the senior management cadre. This also means that for the same commitment of time we may charge more to one client compared reflecting the difference in the pay-scales of the two clients.

This arrangement, in our opinion, is as close as we can get to a balanced contractual relationship with our clients. However, it is not in our nature to negotiate on fees and fees have never been a consideration when choosing to work or not work with a given organisation.

VIII. What kind of organisations would you prefer to work with? Our first preference is always for organisations which have been in existence for at least 20 years and are headed by experienced senior management. Even if the organisation is relatively young, we strongly prefer to work with senior management with an equivalent level of experience. This clearly implies that social enterprises with young founders are not our forte.

Our second preference is for organisations with a culture of independent thinking and one which is not in a tearing hurry to change. Organisations that are overtly structured, deeply riven with internal politics, and where there is a significant disconnect between senior management and rest of the organisation are ones we would find difficult to navigate given our temperament and values.

Our skill is really deployed well in those situations which demand balancing multiple considerations at the same time. Hence, our third preference is for an organisation whose work has several dimensions to it, most visibly reflected in the complexity of its organisational structure. We usually find community-centric organisations fit our comfort-zone far better than organisations that see their work as being focused on a specific sector or a theme.

Our fourth preference is for organisations with senior leadership which has the conviction and fortitude to withstand pressures from funders and investors, and also its own Board if need be, if those pressures stand to tinker with the very grain of the organisation's mission and ethos.

Our fifth preference is for organisations which have accumulated some reserves on their Balance Sheet. For us, the size of the reserve is a measure of the degree of financial independence available to the organisation. This means only one thing: having time on your side. Our skills are meaningless in the context of organisations in financial distress or facing immediate leadership and succession challenges. Whatever we do, we need adequate time to add any meaningful value to our clients.

Our sixth preference is for organisations that work on highly sensitive issues, particularly those connected directly to upholding of specific *liberal* values as stated or implied by the Indian Constitution of which we consider the freedom to think, express, associate and choose as non-negotiable. Any organisation whose work is a clear demonstration of these values, or strengthens these values, even in an indirect manner, would be of immense personal interest to us. This preference demonstrates that our politics is not divorced from our profession.

Outside of these six preferences we do not any other preferences which *we are self-conscious of*. More importantly the size, scale of operations and profile/brand of organisations are considerations which do not figure in our choice of whether to work with a particular organisation or not.

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This group of eight considerations, then, constitute our own little paradigm. We hope that it is not too-off-the-track and can hold us in good stead. So far it certainly has. We *hope* the future resembles the past. Though we *know* it does in some respects and does not in several others — which is why the old-fashioned language of values and character matters in daily management practice. They alone can guarantee stability, continuity and sustainability and hence deepening of impact compared to business plans, seductive fund-raising narratives and the dangerous quest to seek fortune at the bottom of the pyramid.