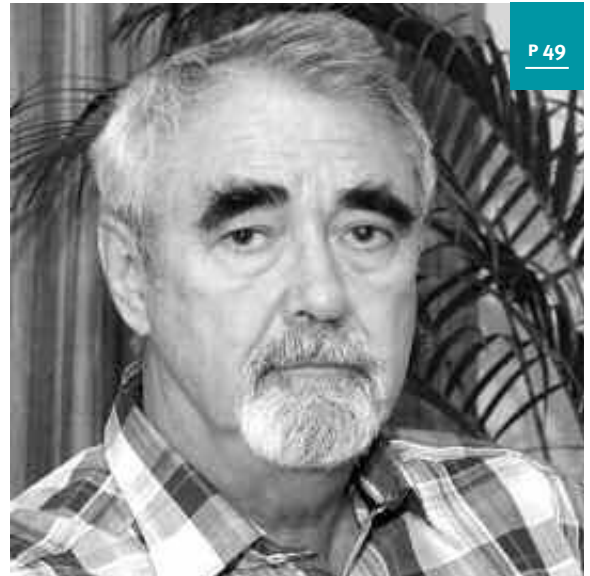


Interview

Percy Barnevik



Over the last three years Hand in Hand International has trained 252,000 poor, illiterate and malnourished women in the Indian state of Tamil Nadu for entrepreneurship and business creation. This has resulted in the creation of 85,000 family businesses and 400 medium-sized enterprises. The aim is to create 1.3 million jobs and 250,000 enterprises in Tamil Nadu in the next three years as well as expanding into other Indian states and other countries. Hand in Hand has also taken 12,000 children out of bonded work contracts and placed them in transit and residential schools until they are ready to return to the state school system. How has so much been achieved in such a short time? Caroline Hartnell talked to Hand in Hand founding donor, the successful Swedish industrialist Percy Barnevik, about Hand in Hand's use of targets and indicators, his views on scaling up, and the main barriers to doing so.

You say 95 per cent of the management of a not-for-profit organization is the same as for a for-profit company. Can you say a little bit more about that?

The 5 per cent difference is of course that the for-profit company is owned by shareholders who demand profit and a dividend. More important is the 95 per cent which is the same: recruit, develop and keep capable people; share a vision and make people proud of working for the company or NGO; set clear targets with measurement of productivity and quality; reward the good performers. Regarding operations, I apply to Hand in Hand what I applied to Sandvik, ABB, etc over the past 40 years: far-reaching decentralization with responsibility down to every individual, flat organization, and minimum costs for administration and headquarters.

How many NGOs do you think work like this, with clear targets?

There are well-run NGOs and NGOs that are more fluffy and unfocused, but I think things are moving in the right direction. What gets measured gets done – it's what we've said in business for decades and I'm

trying to do the same thing in charity work. But international charities also have high administration costs because they have headquarters in the western world and expatriates on their payroll. Hand in Hand has *only* Indian staff (and some South Africans and Afghans) and we don't have a London HQ. All westerners work as volunteers, as I do. Hand in Hand is also fortunate to have an outstanding Indian leader in our CEO Dr Kalpana Sankar. She and her excellent team make a big difference.

You say you want to be compared to the best companies not the best NGOs. What do you mean?

In India, NGOs are regarded as a secondary B-class occupation for qualified, educated people. When we want to recruit the best people in India in competition with good companies, we have to convince them that Hand in Hand is not 'a normal NGO'. We are like a business organization, but our mission is to maximize our impact on children, exploited women, etc not to maximize our profit.

It's not just about paying better salaries because the people we get normally have both heart and brain. They like the idea of being in this crusade against extreme poverty. Many Indians feel it is terrible that India has 40 per cent of the world's undernourished children. We like to attract these people, and we say we can pay them reasonably. They will also get paid for performance. So we use measurements, measurements all the time.

Do many other NGOs reward performance in that way?

No, I don't think so, though the NGOs I know are mostly Indian NGOs. They give away money in order to do good and then measure changes in living standards. Here, the management, myself, the board and some donors get a 25-page monthly report on

Photo on p1 (top): Percy Barnevik reading with a child in a Hand in Hand school.

performance: children educated, enterprises started, jobs created, and so on.

Our cluster coordinators, for example – the ones who are out in the field dealing directly with the women – have monthly targets for creating new groups, for example starting a weaving operation in a weaving district, and for different types of training. A teacher in a transit school has a target for the number of children passing certain exams. They all have individual targets. I totally reject the idea that aid work is not measurable.

How are the targets set?

You have the budget for the coming year and then you break that down into programmes and districts. So there are presently 14 districts, each with a district manager, and under them the zone managers, the block managers and the 400 cluster coordinators. In some cases, there are immediate monetary rewards when monthly targets are exceeded. Most importantly, there is communication with the line manager in the case of both under- and over-performance.

Before the beginning of the year, the individual and their manager agree on the target. The manager might, for example, ask the cluster coordinator whether they should be able to organize 800 women this coming year, and the coordinator might say, 'I think you should focus on job creation and existing groups, so I would rather settle for 400 women and maybe double the number of family enterprises.' There has to be a dialogue.

I started with ASEA in 1980 and eventually had 220,000 people working for me. We created 5,000 profit centres with one manager for each. They each had a team around them, five managers per team; that makes 25,000 managers in all. If you have them all pulling together in the same and right direction, it's very powerful. At Hand in Hand we have 4,000 employees, but the same idea works. I believe one should make people responsible. If you don't reach your goal, it doesn't mean you get fired. It could be external circumstances that are to blame, or maybe the person needs more training or support, but it results in a very constructive dialogue.

All that obviously takes a lot of time. Is it worth it?

It is absolutely worth it. And I wouldn't say it takes time, it's part of the management process. If you didn't talk to people, if you just set their targets for them, it would take less time, but it would work



much less well. But you don't need to sit and talk for hours about a target, you can talk on the phone for 10–15 minutes. You then have a very constructive basis for your regular discussion. People say 'can you do that in a charity?' Sure you can. You can do it anywhere.

Is there a process for relating these immediate outputs to impact on quality of life?

I am not a votary of huge plans, but we need some longer-term targets. If we take the women's programme, we have a target of 1.3 million jobs by 2011, 250,000 enterprises. With the waste programme, collection, sorting, recycling, we aim to reach out to 1.7 million households, about 10 million people. How do we get there? Well, we have a plan for taking village after village, town after town. Then we will spread out over Tamil Nadu so we can finally cover 10 million people – and that vision we all share. People are proud of working in Hand in Hand because we really change the life situation of so many people in a permanent way.

What sets us apart from normal charities is size. Many charities have 50 cows, they run a small hospital, they work with 50 women – nothing wrong with that. But if a problem affects a billion people and you really want to have an impact, you have to ensure you can scale up.

What are the barriers to scaling up? You've scaled up already but you want to go further.

A lot further. We have of course a clear plan for Tamil Nadu for the next five to ten years. Then there are three other Indian states with 240 million people between them that are asking us to introduce our five pillar programme there. We are working in South Africa and Afghanistan, and China wants us to develop a pilot plan for 1,000 villages in Yunnan. The Inter-American Development Bank is asking us about developing a pilot plan in North-East Brazil where there is a lot of poverty. I am in touch with Kofi Annan about what we could do together in Africa, and an hour ago I talked to some people about doing something in Nepal.

As you can see, the needs are endless. My major limitation is having enough trained, capable, English-fluent people, plus of course funding.

Are you hoping the money will come from rich countries?

From wealthy people, families and trusts and from organizations with corporate social responsibility programmes. It doesn't matter what country they are in. Our prime aim now is to recruit donors in the UK,

Sweden, the USA and India. But we are having discussions in Holland and the Nordic countries, too.

Until a year ago, I donated most of the money myself because Hand in Hand was unknown, but I cannot cover all the funding now. Even if the cost per capita is low, the numbers are big and we have a staff of 4,000 people and growing. Now we have a history and can show, in a transparent way, what it is possible to achieve offering help to self help. But the need is great and we need more funding, and we are happy for our donors to be really involved if they want to be.

We are successfully recruiting donors now. I find one of the most effective ways is to have them fly down to Tamil Nadu and look at our work. A large cosmetic company had given us half a million dollars – they thought our work was interesting and they work with women too. Then the owners went to visit and see for themselves. When they returned they asked their family foundation to give us \$5 million! So the more people who visit us and get a good insight into how we operate, hopefully the more donors we will get. But I'm not worried about funding really if we can get our message out – we have such a good story to tell, and the cost of transforming life per woman is so low.

How can you ensure you have the trained people you need?

We need our own training school. We are in touch with a number of universities who work with entrepreneurship – Stanford, Oxford business school and Erasmus University, Rotterdam. They all want to help us set up a Hand in Hand academy in Chennai, where we will have people to research entrepreneurship and to train in it. That is a long-term goal. If we build up a cadre of consultants, they can then go to Afghanistan, South Africa, China, Brazil, anywhere there is poverty, and build capacity there.

Take Kenya, for example: we have to train their aid workers, and we have to find funding for this because the government cannot do it itself. It could be the Swedish aid agency, or USAID, or the World Bank as in Afghanistan. Then there has to be some sort of network for micro-loans so women, or men sometimes, can borrow money on decent terms. With those prerequisites and our Hand in Hand consultants, we can leverage our competence and experience in Tamil Nadu. This costs more in certain countries, like Afghanistan,

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for example, where the villages are small, and there are big mountains and security problems. In India, we can do our work much more cost-effectively because we control the whole thing; in other countries, we only train the trainers. But over ten years we hope to be able to make a major dent in the world's extreme poverty.

Your aim, then, is not to set up Hand in Hands in all of these countries, but to provide them with the training they need to do it themselves?

Absolutely. Take South Africa. Here 30 Indians will train 1,200 local South African aid workers and they in turn will train 300,000–400,000 African women per year and help them set up enterprises.

So we're exporting the model. But you can't just send the model, you have to have the people, and they have to be of a higher calibre than the cluster coordinators in India because the cluster coordinators are surrounded by people supporting them. And they speak the language. Those who go to Kenya, say, enter foreign territory. They have to be fluent in English. I estimate around 90 per cent of our people are college graduates, and many have PhDs.

So recruitment and funding are your main challenges. Are there any others?

Well there is one other. In India we experience a backlash from vested interests. You have the elders in each village who used to decide everything – imagine when a dark-skinned dalit woman pops up! The landowners don't like the women to get higher wages, because it's competition for them. We cut out the middle-men – how happy are they? The loans sharks who used to charge 150 per cent interest get cut out too because we charge only 15 per cent. The weaving owners who lose the child labour, they don't love us either. Some husbands are jealous that the women are getting the upper hand economically now, so we run gender courses for them. Then there are politicians who sometimes worry that the women will gang up on them – 50,000 women demanding toilets, roads or electricity can be powerful when you have one person one vote.

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