

changing

for the better



Right thinking

- Great companies create value for society, help solve the world's problems, and many make money too.
- In 2011, Right Lane became a 'for-benefit' enterprise, reflecting formally what the firm had been doing informally for some years in trying to create an ethical consulting practice.



About 18 months ago, Right Lane adopted a set of principles that reflected formally what we'd been doing informally for years: building an ethical consulting practice that tries to help organisations that do good do better.

I had spent a decade from 1997 working on my own consulting engagements, with no staff but a network of people to draw on for specific assistance. Then in 2007 I thought it was time to shift gears. I was done working alone and thought I could retain a good work/life balance, but achieve more with what I saw as a surplus of opportunity.

So we became Right Lane. I was in the car and it occurred to me that one of the major benefits we provide to clients is to enable them go faster, remove obstacles and help them shift into the right lane to get a clear stretch of road.

The firm started growing quickly, leaning towards working with organisations we wanted to help because they were doing something positive for society, particularly those fostering inclusive growth, sustainability and public health.

Then in late 2011 we decided to formalise it.

I was reading a Harvard Business Review article, 'The For-Benefit Enterprise', by Heerad Sabeti (2011). The article described the transformative potential of

an emerging fourth sector of the economy, comprising organisations that were commercial and community-oriented, being neither strictly for-profit nor not-for-profit.

I was struck that we had instinctively adopted many of the values and principles of the for-benefit enterprise described in the article. But it also presented the challenge of more sharply defining what Right Lane was pursuing.

We were interested in building a firm that was profitable but not greedy. By that I mean we were focussed on pursuing not profit maximisation, but a 'reasonable return', something below the market rate. And also to seek and build long-term partnerships and genuine collaboration with clients, helping clients get to the best possible answers themselves and then assisting them to implement their strategies.

The HBR article reflected what we were already doing or wanting to do, so we set about formalising and elevating what was already there.

The same issue of HBR included research by Harvard Business School's Rosabeth Moss Kanter (2011), showing that the best companies build into their institutional logic the principle that they are not merely vehicles for making money, but also enduring instruments for helping accomplish societal benefit.

From this, Right Lane became even more sharply focussed on the following areas:

1. Reasonable returns.

Of course our shareholders wanted a return on their capital, but we always wanted that to be a reasonable return. To achieve a reasonable return, we embraced a variety of settings. We have comparatively reasonable prices, we also do low fees work for some specific organisations, and we have the StepUp program, which helps social enterprises.

The relatively low prices meant that we could serve some clients that would benefit from our help, but otherwise just couldn't afford it; it also enabled us to work with clients over the long haul. Not being heavy-handed with fees helped create a stronger partnership ethos with clients.

2. Transparency and inclusive ownership.

We use data visualisation to drive a common purpose, build engagement and improve the practice.

In our open-plan office, everyone can see the firm's performance and how everyone's activity is connected to that. We can all see, and discuss at Friday meetings, clear measures of progress on targets relating to revenues and profit, client numbers, the kinds of clients we want to serve, and client satisfaction and advocacy scores.

All this in the context of Right Lane's core objectives: getting and keeping great people, doing brilliant work for clients we care about, and growing the firm consistent with our social purpose.

We're non-hierarchical. Our organisation design is a nod to the collaborative enterprise school, so we work in teams on projects without formal hierarchy, and everyone has client and non-client roles so everyone can contribute some mix of knowledge and skills that transcend projects.

Being very transparent with what we are doing, and how we go about it, is all about

building our Right Lane-ness, if you like, our organisational 'logic', and building our future.

Our staff are highly committed to our clients, each other and our firm and we believe that an inclusive ownership model is a way of rewarding them for that, while also enhancing governance.

Today Right Lane has three shareholders, and another two with share options.

3. External insight and oversight.

As part of ensuring Right Lane has as much diverse talent as possible, we have established an advisory group.

There's a range of people on it, including a prominent indigenous elder, the head of a leading non-partisan think tank, some directors and CEOs of current and former clients, and someone from one of our partners, Social Traders. The main purposes of the advisory group are to 'keep us honest' on the for-benefit agenda, and to give us ideas about how we can develop and improve our firm.

Our deliberate mix of utilising full and part-time consultants also allows a bigger and more diverse intellectual footprint, drawing in a broad range of experiences and ideas.

4. Societal and environmental responsibility.

Rosabeth Moss Kanter argued that business leaders needed to think of themselves as builders of social institutions to master today's changes and challenges, and that what she termed institutional logic should sit alongside economic or financial logic as a guiding principle in research, analysis, education, policy and managerial decision-making.

Friedman said that the only true responsibility of business is to make profits, and that if enough money is made then benefits flow freely to society. The Kanter notion is that great companies use a different, broader operating logic: business is an intrinsic part of society,

and like government, family and religion, has been a pillar for centuries, but great companies pursue profit with an awareness of the needs of people and society.

We honestly think we are doing good and important work and I have no doubts we're having an impact, and think that's illustrated by the fact we have very deep relationships with about 25 clients doing important and purposeful work.

Our mission is about 'doing good'. We do work for some very commercially-driven organisations as well as those more clearly in the social space. We do exclude some potential clients, and we prioritise some.

As for the future, I've always had a hope we'd have about 12 really smart, interesting people as shareholders, and an organisation of around 40 or 50.

We think we started in this sector at about the right time, and now more and more businesses and organisations are thinking about how they can make more sustainable returns and do good.

There's no one else in Australia doing exactly what we are doing, and we're confident we're bringing to life our vision of creating a disruptive new firm that reflects a more sustainable balance of interests between Right Lane, our clients and society. It feels right.

References

Sabeti, H 2011, 'The For-Benefit Enterprise', *Harvard Business Review*, November, pp. 98-104.

Kanter, R M 2011, 'How Great Companies Think Differently', *Harvard Business Review*, November, pp. 66-78.



want to know more?

If you'd like to find out more about Right Lane's approach and potential to help your organisation, contact **Marc Levy**:

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