



**VIRUTCHAM ACADEMY**  
WE LOVE, WHAT WE DO

# **Top 10 Mantras to build a Purpose-Centric FPC (Farmer Producer Company)**

**A guide for CEOs of FPCs.**



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## "MAKING PEOPLE GROW WITH A PURPOSE."



**VIRUTCHAM ACADEMY**

We Love What we do

**Purpose:** To transform people through training to harness their full Potential.

**Vision:** Transforming 1 million people to live a Purposeful life and enjoy financial freedom with a lot of abundance and happiness by 2026.

**What we do?** We help people grow them and their businesses with a PURPOSE. When people are "Purpose aligned", they love what they do and it leads to doubling of productivity, resulting in their Happiness & Success.

## “TRANSFORMING PEOPLE”



Virutcham Academy for Social Changemakers LLP offers training programs-both online & In-person programs. We train Small Business owners, Social Entrepreneurs, Homemakers, Young CEOs, Staff of NGOs, Micro Finance Institutions, Banks, Farmer Producers Companies and Corporates to perform at their peak by aligning with PURPOSE and support them to emerge as a Purpose Centric Leader.

Dr.N.Jeyaseelan, Chief Executive Officer  
Virutcham Academy for Social Changemakers LLP

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## 1.INTRODUCTION

FPCs are emerging as the best option to address the problems such as lack of access to quality inputs, Not getting a fair price, and lack of marketing opportunities faced by the small and marginal farmers.

This Booklet offers the top 10 Mantras to equip the Chief Executive Officers of FPCs to address the current challenges faced by their FPCs. This will help them build their FPCs as "Purpose-Centric FPCs" and as a result,benefit all stakeholders. The CEO's thrust should be on ensuring all activities of FPCs align with the core Purpose of making a difference in the lives of its member-farmers.

## 2. PURPOSE

The purpose is the reason for the existence of any organization on this planet earth. The purpose is our “Why?” The purpose is to make a difference in the lives of others.

For example, In an FPC, supplying quality inputs to the member-farmers or procuring their produce and selling in city markets are just activities. At the same time, if these activities lead to tangible benefits to member-farmers and result in making a difference in the lives of these farmers, and other stakeholders, then the FPC is deemed to be a Purpose-Centric FPC.

## WHY PURPOSE

The More inspiring your Purpose, the Greater your Power and the Meaning of your Life.

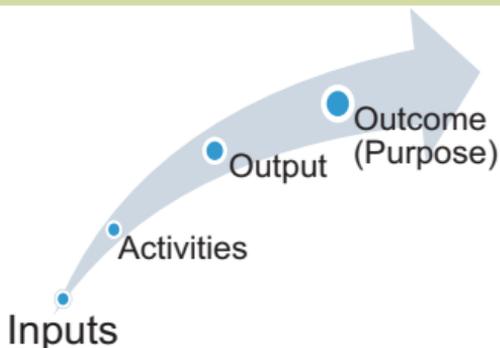
The Purpose of the Life is to live with a Purpose.

Find your Purpose and Means will follow.

It takes PURPOSE to get started- It is your WHY. It takes PASSION to keep going. It is loving what you do.

The Meaning of Life is to find your Gift. The Purpose of Life is to give it away.

## LOGIC MODEL



### For Example :

Inputs - Human, financial & other resources.

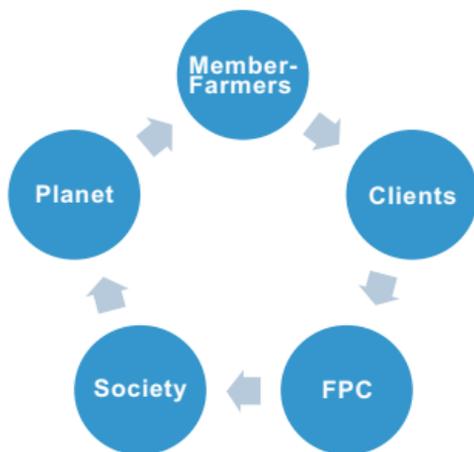
Activities – Procurement of produce & selling in city markets

Output - Value of produce procured & no. of member-farmers from whom procured.

Outcome/Purpose – Member-farmers getting higher profit due to selling in cities through FPC.

CEOs should focus on achieving Purpose (Outcome) and not just Output.

## MCFSP FRAMEWORK



In the Purpose Centric approach, it is a win-win for all key stakeholders like Member-farmers, Clients, FPC (Company, BODs (Board of Directors)& Staff), Society and Planet as shown in the MCFSP framework above. When FPCs teams are Purpose aligned, their productivity level doubles and they love what they do, and they perform at their peak.

## PURPOSE STATEMENT

Purpose gives us focus and direction. CEOs should facilitate their BODs and member-farmers to find a “Purpose” for their FPCs. The Purpose statement will consist of two parts viz Actions and Results. Purpose statement example –“Doubling of income of farmers through Precision farming”. In this statement, Doubling of Income is the result and Precision farming is the action.

CEO should keep in mind the result (Purpose), when choosing any activity or taking any decision for their FPC, so as to keep them Purpose-aligned.

## PURPOSE-CENTRIC CEO

To become a Purpose-Centric CEO, the CEO should focus on the following.

- Priority on the Purpose i.e. making a difference, rather than on just completing the activities.
- Helping the FPC team and member farmers find their Vision i.e. Destination to be reached and its time frame. For example, for a member-farmer now the total income is Rs.15,000 per month. The member-farmer may be guided to set a Vision of achieving an income of Rs.30,000 per month in 3 years.
- To empathize with the member-farmers and care for them, which will improve the emotional connection with them.

## PURPOSE-CENTRIC CEO

- To Listen to the clients' & member-farmers feedback/grievances.
- To Enable the staff to have a good rapport with clients & member-farmers.
- To Give the role clarity to the FPC staff and inculcate a sense of purpose in them.
- To Train the staff team to take higher responsibilities.
- To Celebrate the team wins by appreciating the staff in public.
- To Identify the problems/challenges faced by the clients & staff and resolve them.
- To tell the Purpose stories to inspire the new staff, member-farmers & other stakeholders.

## PURPOSE-CENTRIC CEO

- To delegate the work and prepare the staff for their upward mobility.
- To start any meetings or review by first talking about the Purpose.
- Asking the staff frequently about their Purpose achievement i.e. “What difference you made in the lives of member-farmers?” instead of asking “How much inputs sold or produce procured?”
- To organize need-based community outreach programs
- To facilitate the latest technology adoption by member-farmers to improve productivity and efficiency.
- To follow the eco-friendly measures at the FPC i.e. Promoting Organic farming, Soil & Water conservation and so on.

### 3.VISION

Vision is a guiding star. Vision is the destination that we want to reach. People with vision and passion always succeed, as they know where they are going. CEO should facilitate a process of creating a shared vision for their FPC by BODs, member-farmers & the staff.

Vision should have two parts i.e. the destination to be reached & how it will look like and the time frame to reach. For example, a five-year vision for an FPC. To serve 2000 farmers by 2027. Another example, To achieve a turnover of Rs.10 crore by 2027.

## 4.PROBLEMS & OBJECTIVES

To choose the business activities for an FPC, CEO should first start with identifying the problems faced by their member-farmers and then help their BODs select 3 or 4 major problems and convert them as objectives for their FPCs. For e.g.

Problem : Non-availability of quality input on time.

Objective : Creating access to quality input at the doorstep

Activity : FPC running an Input Supply Centre.

Problem : Not getting a fair price.

Objective : Ensuring member-farmers get a fair price.

Activity : Aggregation of produce & selling them to bulk consumers.

Setting clear objectives will enable the FPCs to focus on the right business activities.

## VIRUTCHAM ACADEMY'S

Training program on "Balancing Purpose & Profit" for Indian Bank Branch Managers.



Training program sponsored by Bank of India, on "Business plan preparation for CEOs of Farmer Producers Companies.



## TRAINING PROGRAMS CONDUCTED

Training program on “Purpose Centred Microfinance” for staff of MGENM NGO-MFI.



Training on Improving Productivity for staff of KDS COIR Farm Group



## 5.GOALS

The CEO should get in the buy-in of their BODs, staff and key member-farmers of their FPC to set the goals. The SMART (Specific, Measurable, Achievable, Relevant & Time frame) goals should be set for each objective. For example,

**Objective** : Ensuring member-farmers get a fair price.

**Goal** : In the first year, to ensure a 10% increase over the market price, which they get when they sell individually.

When we have goals, we can measure our progress by reviewing the target goal and the achievement for a specific period (may be for a month/quarter/half-year/year)

## 6. GOVERNANCE

Governance is a process through which the board gives strategic directives to the management, and the board monitors the compliance of the organization to the various statutory and regulatory requirements. Governance is a system of checks and balances whereby a board is established to manage the management.

The board sets the vision, and the CEO, on the other hand, is involved in the day-to-day operations of putting the vision into action. To make the Purpose-Centric approach an integral part of the regular management system, the beginning should start with the BODs first.

## ROLE OF BODs

To inculcate a sense of Purpose across their FPCs.

- BODs should communicate the purpose, vision and objectives set by their Board to the CEO, staff and member-farmers.
- BODs first question to the CEO should be on purpose-related instead of activity-related. For example, Asking How many farmers got a higher price for their produce? (Purpose question) instead of asking How many farmers got enrolled in FPC? (Activity question).
- BODs should ensure that the activities chosen by their FPCs are aligned with their purpose and objectives.
- BODs should ensure that there is no mission drift when scaling up.

## 7. OWNERSHIP

In many of the FPCs, ownership is lacking among BODs and member-farmers. Likewise, many CEOs still look FPCs as a project for 3 years and not as a business. CEOs should change their mindset, look long-term, and take ownership. Once they take ownership, they will take more responsibility and will make their FPCs sustainable. Then, they will be retained as CEOs for a life time.

BODs should be sensitized to take more responsibilities and then they not only take ownership of their FPCs, but they should also create ownership among member-farmers by improving the member-farmers engagement level in FPC's outreach programs.

## 8. BUSINESS PLAN

Business plan preparation should not be outsourced. CEOs and BODs can take expert guidance for preparation, but they should prepare the plan themselves. It is a plan of how much investment is required for chosen activities by the FPC and how FPC plans to raise the funding.

It has the technical details on the proposed activities so that we can decide the technical & commercial feasibility of the proposal. It will have financial projections of the Balance sheet & income and expenses and with this, we can evaluate whether the proposal is financially viable.

## FINANCIAL RATIOS

While preparing the Business plan, we need to calculate key financial ratios to know upfront, whether the proposed investment is financially viable and bankable.

### **Debt Service Coverage Ratio (DSCR):**

$$\text{DSCR} = \frac{\text{Net profit} + \text{Depreciation} + \text{interest}}{\text{Principal} + \text{Interest}}$$

DSCR should be above 1.5.

### **Return On Investment (ROI):**

$$\text{ROI} = \frac{\text{Net profit (Profit after tax)}}{\text{Total capital employed}} \times 100$$

ROI should be above 15%.

### **Current Assets Ratio (CAR):**

CAR = Current assets / Current liabilities

Current assets ratio should be above 1.25

## 9.MANAGEMENT

While BODs evolve the strategies and policies, the CEO is responsible for the day-to-day management of actions and the realization of the plan into reality. In many FPCs, they have just focused on operations alone and not given enough attention to other key management dimensions like Finance, Marketing, Human resources, Information Technology, and Research & Development.

CEOs should also focus on the following for the effective management of FPCs.

### **Finance:**

- To review the achievements Vs targets as per the Business plan every month and take necessary corrective actions.
- To arrange funds for repaying loans on due dates.

## MANAGEMENT

### **Finance:**

- Minimal investment in the fixed assets and provision of adequate working capital.
- To monitor the receivables closely.

### **Marketing:**

- To study the market demand and then accordingly to advise the member-farmers for production.
- Not to depend on a single bulk buyer & to diversify the market channel options.

### **Human resources:**

- Putting the right persons for the right job.
- Making staff purpose-centric so that they give their best.

### **Information Technology:**

- Shift to digital MIS (Management Information System).
- Ensuring back-ups and business continuity plans.

### **Research & Development:**

- Ensure continuous innovation.

## 10.CAPACITY BUILDING

CEOs should coordinate with the promoting institution, Krishi Vigyan Kendra, Agricultural University and Research Institutions and organize appropriate training for CEO, BODs, staff of FPC and member-farmers.

CEOs should facilitate peer learning among member-farmers by asking them to share their new experiences during the meetings organized by the FPCs.

CEOs should inculcate a learning culture across the FPC and should equip their teams with future-ready skills like Machine learning, Artificial Intelligence, Using Drones and Blockchain technology.

CEOs should remember the quote “When you stop Learning, You stop Leading” and make learning a part of their life.

## 11.MEASURING PURPOSE-CENTRICITY

“What gets measured is what gets done” is a quote to emphasize the importance of monitoring. CEOs should monitor output indicators on a weekly & monthly basis and Purpose (Outcome) indicators on a quarterly or yearly basis. Mini-survey with 100 or 200 member-farmers on an annual or season basis would be good for measuring “Purpose-Centricity” of an FPC. Monitoring helps the CEO to track the progress Vs targets. An indicative list of Purpose Indicators is given below.

### **For member-farmers:**

No. of member-farmers .....

- Who got a higher yield due to the use of latest technology or High Yielding Variety?

## MEASURING PURPOSE-CENTRICITY

### **For member-farmers:**

No. of member-farmers .....

- For whom, the cost of cultivation has been reduced, due to the use of bio-inputs.
- Who got a higher price & higher profit, because of marketing through FPC?
- Who improved their knowledge & skill due to the training given by FPC?
- Who improved their asset base due to the support given by FPC for input supply, advisory service, marketing and hiring of farm equipment.

### **For other stakeholders:**

- Impact of Development programs to staff/vendors/clients.
- Impact of community outreach programs organized by FPCs.
- Impact of eco-friendly measures adopted by FPCs.

## 12. "FOR FURTHER TRAINING SUPPORT"

Dr Jey is seen conducting training on Business Plan preparation for CEOs of FPCs promoted by the National Agro Foundation on 28 Jan 2022.



### **For further Training support:**

For conducting any customized training programs for your CEOs or Board of Directors of your FPCs, please contact us

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### 13. " About Dr. JEY "

Dr. Natarajan Jeyaseelan @ Dr.Jey is the CEO of Virutcham Academy for Social Changemakers LLP. Not content focusing only on the bottom line in a bank, he changed his career to working with an NGO to focus on the people at the bottom of the pyramid.

Dr. Jey headed several organizations as CEO/MD/Board of Director & practiced Purpose Centred Leadership in his life and impacted several thousands of people, especially rural women entrepreneurs not only in India but also in abroad (Brazil,

South Africa, Kenya, Myanmar, Cambodia & Sri Lanka). He has authored a book *Scaling up Microfinance: What next/ Top 10 focus areas to achieve a Purpose Centred Growth*, sharing his Purpose journey. He has also done consultancy assignments for UNDP, UNOPS, IFAD, ADB, IADB, World Bank & GIZ projects in India and in abroad.

**Microfinance Knowledge Promoter Award 2007 to  
Dr. N. JEYASEELAN by UN SOLUTION Exchange,  
A joint initiative of all United Nations agencies in India**





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If you plan for a decade, plant a tree.  
If you plan for a life time, invest in training.

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