



THE HOUSE OF TiE

by

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The House of TiE

Preamble:

TiE began as a dream of a few visionary individuals in the Silicon Valley and from these humble beginnings has become a global force in a short span of 8 years. It has grown enormously in stature and influence, and has been acknowledged in the Indus region as well as mainstream media. Membership has expanded out of the Silicon Valley into 22 chapters – all the way from Chennai (India) to London (UK) to Houston (Texas). The growth trajectory shows no sign of a slow down.

More importantly, the influence of TiE has spread from mentoring aspiring entrepreneurs in the Valley to continuously more ambitious pursuits. Some of the new roles that TiE has taken on include helping governments to develop policies that are conducive to entrepreneurship and wealth creation. From a nine Charter member organization, dedicated to sharing their knowledge and time it now has more than 300 charter members around the world and growing. TiE events – chapter meetings, TiECON conferences - are well attended. TiE is in an enviable position of restricting attendance in most events. Several individuals have worked tirelessly to build the TiE franchise (global recognition and a clear brand), TiE Experience (quality and dedication to creating wealth) and the TiE Spirit (individuals who are net givers to the community at large). This document starts with an unambiguous recognition of the extraordinary contribution made by small groups of individuals during the period 1992 –2000 to build the spirit of giving, to be concerned about the well being of the Indus region, and the focus on bringing their knowledge and wealth to bear on promoting entrepreneurship in the community. Perhaps most importantly, TiE has made a substantial contribution toward helping people of Indus origin to break away from the mindset of helplessness and a feeling of “second class” citizenship and building the reputation of the community. This document celebrates the accomplishment of the original founders.

While TiE’s role in wealth creation has received much attention, the tremendous role it has played in mobilizing intellectual capital has not often been emphasized explicitly. Going forward, TiE must turn its attention toward creating a means for the intellectual assets of its members to be shared and focused toward achieving goals that benefit the organization and community at large.

As TiE grows and scales its operations, the focus of TiE leadership ought to shift to *building an enduring and lasting institution* that outlasts the founders. It is important to recognize that no Indus organization to date has outlasted their founders and the original mission including the “mighty” Congress Party. As circumstances change, the activity mix of TiE will evolve according to local needs. Selecting appropriate leaders based on the needs of the organization and not seniority has also been difficult in the Indus region. TiE must break the mold and prepare for orderly succession.

TiE has taken on a particularly ambitious and relevant set of goals, both for the expatriate Indus community and the Indus region. The basic beliefs and values of TiE

are responsible for much of the growth and credibility the organization enjoys. The evolution of TiE as an organization must be consistent with these founding ideals. Based on my interviews, I was pleased to note that although there are differing opinions about how TiE should go forward, there was a tremendous emotional commitment to the ideals of the group. We have a chance to prove to ourselves and to the rest of the world that TiE can be the first Indus organization that can be global and reinvent itself from within. This document is focused on that issue.

The Challenges of “Success”

Due to the extraordinary success of TiE, it is facing a number of organizational challenges at an early stage. In order for the integrity of TiE to be maintained going forward, we will have to focus our energy on developing a process to deal with the following issues:

- 1.) How can TiE grow its membership base, geographic scope of operations and as a consequence competing agendas while maintaining unfailing dedication to the founding principles? Addressing this issue will require establishing standards for members and charter members and developing processes for transparent elections and conflict resolution. In short, how can we respect diversity of approaches while insisting on adherence to TiE principles?
- 2.) How can TiE maintain, enhance and create a global pool of intellectual capital, which will maintain the continuity, and vitality of the organization? Our capacity to manage this process is a prerequisite for promoting entrepreneurship and wealth creation as well as achieving a credible voice in public policy.
- 3.) How can TiE continue to build its credibility in the mainstream of the countries in which it operates (one of the biggest benefits that TiE members enjoy) while maintaining the focus on the needs of the Indus region and Indus community?
- 4.) How can TiE retain its focus on meritocracy and fairness while also promoting an atmosphere of inclusion?
- 5.) How can TiE establish standards for Charter members going forward while acknowledging the extraordinary contributions of time and resources by individuals to date?
- 6.) How can we expand the membership base and outreach (e.g. students, more participation by women) and keep the focus on entrepreneurship?

These are pressing issues for TiE. An approach to dealing with these issues explicitly is to debate the nature of the organization we want to build. I have called this the House of TiE. Once we have agreement on what we want to accomplish and the principles behind that accomplishment, it is easier to develop the legal framework that will support the institution building challenge that TiE faces.

The House of TiE:

The House of TiE is a concept. It allows us to recognize and explicitly deal with the issues that are central to keep the spirit of TiE and the momentum of its growth. We need to build on our strength and at the same time transfer the “implicit beliefs and values” – the DNA of TiE as it were- to a larger group. Institution building is essentially the act of codifying and enforcing a few principles and providing for flexibility to reinvent the activity mix continuously.

As a starting point, we can conceive of the task as building the “House of TiE” as consisting of five key elements:

1. The foundation of the House of TiE – the Spirit and the Values of TiE. Without it, the House cannot exist or grow,
2. The Roof of the House of TiE – the broad mission of what we are (TiE) trying to accomplish – the creation of a “Virtuous Cycle of Wealth” – and the capacity to continuously invent an activity portfolio that furthers the mission. We must retain our focus on the organizational values in the pursuit of wealth creation (e.g. material success as a by-product of innovation and fair play)
3. The support structures of the House of TiE – the standards, capabilities, the building blocks and the forums (fora) for impact and the evolving governance process.
4. Ensuring the conceptual and policy integrity between (1), (2) and (3).
5. Development of a consistent and coherent public relations strategy.

We will outline the building blocks of TiE one at a time.

The Foundations of the House of TiE:

The foundations of the House of TiE are clear and well articulated. The nine principles of TiE have been the inspiration to many a TiE charter member. It has also been the basis for the nature of activities that TiE has engaged itself in. The nine principles are:

1. Always provide an uplifting positive leadership role model
2. Be an idea and value driven organization
3. Be an open, inclusive, and transparent organization
4. Emphasize value-creation through informed entrepreneurship
5. Maintain high ethical standards
6. Display a rigorous, intellectually honest behavior,
7. Be modern, scientific and forward looking in approach
8. Be socially responsible

9. Be intolerant of pettiness, divisiveness and corruption

The exercise of these nine principles has already led to some defining characteristics of TiE.

- a. The focus on the Indus region
- b. Focus on the unifying arena of entrepreneurship and meritocracy rather than on divisive forces of religion and partisan politics
- c. Focus on helping others – mentorship to aspiring entrepreneurs
- d. Propagating and celebrating entrepreneurial success
- e. Focus on succeeding through market based (transparent and open) competition, and most importantly,
- f. Creating a “spirit of sharing”. This is a fundamental premise of TiE and one of the main reasons for its success. *This assumes that all leaders of TiE will be “net givers” – that they will contribute more to the community at large, than what they take out. It also implies that there are a large number of potential entrepreneurs who are “Net Takers”. TiE is, therefore, a Forum for sharing consisting of both Net Givers (leadership of chapters) and Net Takers (potential entrepreneurs). Through the focus on mentoring, TiE will create opportunities for intellectual and professional enhancement for both ‘leaders’ and ‘members’.*

As TiE evolves, the principles that constitute the spiritual foundation will be continuously interpreted. However, the stability to the institution will come from a constant and unvarying commitment to the principles. Institution building is an act of continuously balancing change (in activities) and stability (to values and beliefs).

The Roof: Visible Outcomes of TiE:

The visible outcome – the Roof of the House of TiE – is as critical as the foundation. The roof is always visible. *TiE will be known, evaluated and emulated by what it does.* TiE must exude an energizing aspiration.

For example TiE can commit to:

- a. Promoting the entrepreneurial culture globally by opening a TiE chapter in every major center of economic activity in the world,
- b. Helping to create thousands of entrepreneurs
- c. Creating and sharing a coherent body of knowledge on entrepreneurship
- d. Making a marked difference to the Indus region through entrepreneurship as well as to the communities where TiE is active
- e. Achieving a disproportional identification with entrepreneurship such that
TiE = Entrepreneurship =TiE
in the minds of people around the world

The dominant theme of the Roof of the House of TiE is the *Virtuous Cycle of Wealth Creation*. Let us examine what it means:

1. Focus on a Clear Ideology. For TiE the ideology is that *Wealth Creation through entrepreneurship is both a legitimate and critical activity*. Entrepreneurship is about innovation, risk taking, experimentation, vitality and change. Societies cannot progress unless they accept wealth creation as a social necessity.
2. Focus on Individual Entrepreneurs. TiE recognizes, explicitly, that individuals go through a cycle of wealth creation. For an individual, there is a *virtuous cycle of wealth creation*. Initially, an aspiring entrepreneur seeks and is given mentoring and support. He/she then creates a successful enterprise, creating wealth in the process – for himself/herself as well as in creating new job opportunities¹. The third phase is in giving more of themselves for building other entrepreneurs². Phase three is not about age but about accomplishment and maturation as a person. Some charter members are in Phase three at 35 and others not there yet at 55.
3. Focus on Institutional Impediments to Entrepreneurship. In the Indus region, this may currently translate into evangelizing the benefits of an open and market based economy and providing help in building the appropriate institutions. For example, it would mean a focus on the *institutional infrastructure for entrepreneurship* (e.g. what are the impediments to developing an active market for venture capital in India?)
4. Focus on Creating an Entrepreneurial Culture. This assumes that TiE must create a “critical mass” of leaders and role models, as well as those who aspire to become entrepreneurs. Growth is critical. TiE will focus on four elements of growth to spread the message of entrepreneurship:
 - a. Growth in number of chapters and membership
 - b. Growth in the number of environments – developed and developing markets (US/UK as well as India/Pakistan, Bangladesh and Nepal)
 - c. Growth in the variety of industries covered by the entrepreneurial drive – beyond IT
 - d. Growth in the mix of activities associated with entrepreneurship- from mentoring individual entrepreneurs to developing public policy positions
5. Focus on knowledge Intensive Industries. Consistent with the principles of meritocracy, modernity, global competition, and scientific outlook, TiE will focus on emerging knowledge industries – IT (its roots), life sciences, and professional services. The canvass is really large as many a traditional industry is undergoing massive transformation and becoming more knowledge intensive and professionally demanding.

¹ TiE members have so far created \$... in market cap, companies and more importantly well paying jobs in the USA alone.

² The leading TiE charter members are typically mentors. They spend. Hours per month on the task of mentoring.

6. Focus on becoming Inclusive: Inclusive does not just mean Indus region. It means becoming mainstream in countries where TiE intends to operate.

As TiE evolves, these foci will change and morph. However, the commitment must be to reinforce the association of TiE and Entrepreneurship. Moreover, the means of achieving these goals must be consistent with the values and principles of TiE if the organization is to retain its stature.

The Building Blocks of The House of TiE:

Between the foundation and the Roof of TiE are the load bearing structural elements. There are four structural elements:

1. The quality of membership of TiE
2. Capabilities
3. Forum(s) for Impact
4. Evolving Governance Process

The Membership of TiE:

The strength and influence of TiE will totally depend on the quality of its members. While size (number of members) and scope (number of locations) are easily measured, the *quality of membership* is critical. Establishing clear and unambiguous standards for inclusion is essential for furthering the mission of TiE as well as protecting the “brand” identity it has achieved so far.

1. TiE must insist that all its members subscribe to the basic foundational values, even if they do not all agree with the activity mix at a given point in time.
2. TiE will consist of two types of members:
 - a. Members of TiE
 - b. Charter members
3. Any (aspiring) entrepreneur can become a member of TiE. Members can be ‘net takers’ at an early stage of their entrepreneurial development.
4. The leadership of TiE chapters will be elected from charter members of the Chapter. Charter members must conform to the following standard:
 - a. High achievers who have a demonstrated track record of entrepreneurial accomplishment, measured by the wealth they have created (e.g. market cap. of firms they have founded, number of professionals they employ, size of the investment fund they manage,)
 - b. Role models – successful, accomplished net givers. Those who are willing to contribute their knowledge and time to help others, an ongoing commitment to a minimum level of involvement (e.g. number of hours of voluntary work per month,.....)

- c. Those who can motivate and inspire others
- d. Those who can bring substance to the pool of intellectual capital which is a foundation of TiE
- e. Those whose business contributions are recognized by peers
- f. Those who agree not to use the TiE forum solely to add to their own business/ professional/ investment status

Maintaining the integrity of TiE, its mission and its global impact requires that high standards be maintained. Charter members, who represent the leadership of the chapters and the Global TiE, are the stewards. Agreement on a clear and unambiguous standard for charter members around the world is critical to the ongoing success of TiE. Therefore, there is a clear need for Global TiE to be involved in picking the first group of charter members before starting a new chapter, reviewing and accepting nominations for additional charter members from the chapters, reviewing the status of the charter members periodically (say once in three years) as well as investigate complaints received from any of the members regarding the behavior of a charter member³.

Local Chapters:

TiE members' primary and ongoing contact with the spirit and mission of TiE will be the Local Chapters. Local chapters must have the freedom to experiment and be independent within the framework of the values and mission of TiE. However, all TiE chapters must create opportunities for:

- 1. Encouraging and promoting entrepreneurship in society
- 2. Mentoring young entrepreneurs
- 3. Allowing opportunities for networking among established and aspiring entrepreneurs
- 4. opportunities for socializing
- 5. Promoting the spirit of collaboration and meritocracy and
- 6. Becoming an Integral part of the community

This implies that all chapters must commit to a minimum set of activities – such as monthly meetings that are scheduled in advance. However, each chapter must retain the freedom to choose its activity mix based on the needs of its members. Each chapter is encouraged to build a permanent staff that can support a vigorous program of activities.

The activities of all chapters must be transparent such that other chapters can learn from the successful experiments throughout the world - wide TiE organization.

TiE Global:

³ This is not unusual for voluntary organizations. Rotary club, Lions, YPO and others have clear guidelines on who can be a member and the obligations of members to the organization.

The primary role of TiE Global is providing a unified voice for all of TiE. For TiE chapters and members to gain the benefits of association with TiE, its unique mission and values must be protected and nurtured. TiE Global is an elected body of leaders that ensures common standards around the world. TiE global will, in addition, develop an internal “think tank” on issues related to entrepreneurship, represent TiE’s position in public policy debates as well as fund research pertinent to the mission of TiE.

The relative roles of TiE Global and local chapters are symbiotic. Each gains in stature and influence from the other. But we must recognize that a certain tension is inherent in this relationship. Global standards must coexist with local experimentation, innovation and adaptation to local needs. Policy perspectives of Global TiE may not always sit well with local chapters. Global integration and local responsiveness will be an on going tension and a healthy one. However, TiE Global must establish a minimum set of “non negotiables” such as the values and beliefs, the broad mission of TiE as well as the standards for becoming a charter member.

Forums for Impact:

For TiE to continue to have significant influence on the Indus region as well as globally it must carefully select the forums through which it will make an impact. It is obvious that for the near future we have three distinct forums:

1. The focus on the Aspiring Entrepreneur.
2. Focus on public policy environment and making it hospitable for entrepreneurial development
3. Becoming mainstream – connecting with the communities at large

Aspiring Entrepreneur:

The most fundamental basis for influence is the number of successful entrepreneurs that TiE is associated with. The aspiring entrepreneur is the basic building block of impact that TiE has had and can continue to enjoy. The aspiring entrepreneur needs education, inspiration, and role models. The TiE monthly meetings, special seminars (e.g. on wireless), TiE Con and other regularly planned activities of TiE chapters, therefore, form the core forum for TiE.

Mentoring:

While the TiE meetings are educational and inspirational, mentoring is critical for the success of TiE. Members of TiE, the aspiring entrepreneurs are attracted to TiE primarily because of the opportunity to get some time with seasoned entrepreneurs.⁴ Mentoring is a “one-on one” activity. It is time consuming. It requires significant commitment of time from charter members. Further, there is a need for “appropriate

⁴ In a survey of 620 members of TiE, conducted recently by Mr. Sridhar Iyengar, contact with mentors was rated the most important reason for attending the TiE meetings.

chemistry” between the mentor and the student. The special relationship between mentor and student can be abused for personal gain. Therefore, TiE must establish principles for mentoring.

1. Aspiring entrepreneurs have the choice of contacting any charter member on their own or contacting them through a TiE chapter,
2. If the contact is through a TiE chapter the candidate will have access to the list of charter members who are willing to mentor and the times they will be available. (TiE chapters must be encouraged to use their staffs to create specific dates and time slots involving members who are willing to be mentors). The candidate can use this as a “sign up” sheet.
3. Mentors will do this as a free service with no expectation of a reward.
4. Mentors must not solicit a business relationship as a precondition for mentoring.

Mentoring is an essential part of building an entrepreneurial culture and more importantly it is a true reflection of the spirit of giving by charter members. Mentoring must become systematic and organized rather than sporadic.

Investing in Ventures:

Aspiring entrepreneurs need access to venture funds and many of the charter members are angel investors. There is, therefore, a natural affinity between the two⁵. On the other hand, this relationship can lead to many misunderstandings among charter members and the public at large.

TiE must recognize the “win-win” in providing a forum for access to venture funds. The basic principles that govern this relationship must be:

1. An aspiring entrepreneur can approach any angel investor he chooses. TiE cannot and should not restrict this choice. A candidate mentored by a charter member may choose to go to another for angel funds.
2. If the candidate comes to TiE for help in generating first round of funding, then TiE must have a process of allocating opportunities for funding that project. Charter members who are willing to participate on a transparent basis should be allowed to invest.
3. The formal process must be based on selection of plans, presentation, exposure to charter members who are interested, and agreement on terms.
4. If an entrepreneur went through the TiE process for funding, it is reasonable to expect a small percentage of equity for TiE.
5. A chapter may chose not to have an Angel Forum in their chapter.

It is hard to make Angel Forums work. Differences in perceptions of the quality of the deal, valuation, percentage of investment allocated to each charter member, board seats, on going investment opportunities, and such present a complex mosaic and can lead to

⁵ See the same survey. Access to funds was seen as the second most important reason for attending TiE meetings.

many a misunderstanding. It is important to realize that aspiring entrepreneurs prefer specific investors.

While the experiment in Silicon Valley has not been an unqualified success, there is enough strength of opinion among charter members that it was not given adequate time and/or defined processes to work. It is clear that for an Angel Forum to work, it must have its own clearly defined process of governance. TiE Global will develop the governance policy for Angel Forums.

Impact on Public Policy Forums:

It is clear that for creating a broad based impact on the Indus Region, TiE must endeavor with other similarly oriented groups to change the public policy framework. TiE has had a big impact already in India. However, TiE, given its current status, must pick a few critical policy issues – both in the USA, in developed countries (e.g. UK, Canada, Singapore) and in the Indus Region. TiE must commission detailed and well - developed position papers on these issues and must speak with one voice. Few shaped TiE's positions on issues. As more and more of TiE's charter members get involved in public policy issues (e.g. immigration – be it to USA, U.K, Canada, or Germany and Japan), TiE must develop a process for identifying and articulating positions that are consistent with TiE's mission. Activism in public policy forums is critical to TiE's mission and at the same time it is important to remember that any time TiE develops a position it is likely to become a political target as well. Being non- partisan, data based, well researched and consistent regarding a few big public policy questions would help TiE avoid becoming a political target.

There are several secondary forums that TiE can utilize to further disseminate the message of entrepreneurship and wealth creation. For example, TiE can fund the teaching of entrepreneurship in every college in the Indus region by leveraging its archives. Research based on information available to the various chapters and research in the public domain can lead to a significant contribution. TiE can also convert this knowledge into local languages for instruction and train the trainers.

There is a possible tertiary forum. A significant amount of leadership development and entrepreneurial activity is blossoming in villages in the Indus region- especially in Gujarat (Sewa) and in Tamil Nadu (Madura Bank efforts). Further, large numbers of NGOs are trying to create an entrepreneurial culture. TiE must actively co-opt these efforts without losing focus on its primary platform.

Becoming Mainstream: Getting Connected:

The success of TiE forces the question: how do we become mainstream in countries and regions in which we operate? Several possible definitions of what it means to be mainstream are debated. Here are some:

1. We should open up TiE membership to anyone interested in entrepreneurship. Members need not have any connection with the Indus region. The example of the Washington DC chapter is a case in point where about 70% of the membership is non- Indus. Further, most of them are also not entrepreneurs (senior managers from large firms).
2. We should become involved in local communities and teach them entrepreneurship. East Palo Alto is a case in point. Why is there so much poverty in the middle of the most entrepreneurial and wealthy society?
3. We should be involved in “social entrepreneurship”. We should be involved in and contribute to (both money and time) local communities and organizations.
4. We should be politically active and become involved in local and national politics.

There are probably more interpretations of what “becoming mainstream” means to TiE membership. At this stage of development, TiE’s mission is best served by focusing on:

- a. Entrepreneurship and wealth creation,
- b. The Indus region and connections to the region,
- c. Active support of the local community organizations but not direct involvement in the work of the local organizations.

TiE must carefully separate the agenda and the interests of individual members of TiE with the mission of TiE as an organization.

Capabilities for Continued Success:

The success of TiE as an organization will depend on the capabilities that are built systematically. The requirements are simple to identify and difficult to build as every entrepreneur knows. We should, at a minimum focus on the following:

1. *Resource Base of TiE:* Both TiE Global and TiE chapters must have adequate resources to carry on the enlarging scope of work of TiE – from starting new chapters, developing a think tank and funding research. The importance of staff support, both at the Global and local levels, is also becoming very clear. TiE must develop an adequate resource base.
2. *Continuity:* TiE must ensure that there is a clear and unambiguous process of succession to positions of leadership. In a start up the founders are the source of reputation and stature. As the organization matures, the organization builds a stature of its own. Individuals and leadership teams can always make a difference but the goal of TiE should be to build enough stature for itself that continuity is not compromised.
3. *Stability and Change:* TiE leadership must consciously recognize that stability and continuity demands the capacity to change. The activity mix of TiE in 2000 is different from what it was in 1995. It will be different in

2005 as problems change and new opportunities to make a difference present themselves. Stability to values and beliefs must co exist with an ability to continuously evolve.

4. *Growth*: While growth for its own sake is not desirable, TiE's role in making an impact on the Indus region requires growth in membership, scope of activities and chapters. The challenge is the quality of growth.
5. *Creating Communities of Action*: TiE's success, so far, is based on building a community of like - minded high achievers. As TiE grows and becomes much larger, TiE will need mechanisms to build a virtual community around the world. Access and visibility to TiE membership, sharing of best practices, joint projects and collaborative efforts, require an infrastructure. The focus of TiE must be on building these communities within and across chapters.

We can add to this list of capabilities. The five mentioned above seem quite critical for long - term viability and continuity of TiE.

The Evolving Governance Process:

The governance process of TiE will and must evolve as the organization grows in scope and scale of its activities. Good governance *is a judicious combination* of formal structure, key processes, values and beliefs. All three are critical. However, in a voluntary global organization such as TiE, the importance of values, beliefs and behaviors of leadership overshadow the importance of formal structure. The governance process should be built to serve the following requirements:

The Privileges and Obligations of Membership:

For TiE to be a vibrant organization of volunteers, it must have clarity on the privileges and obligations of members to each other, to their chapters, and to TiE Global as an organization. Clarity to the role and responsibilities of charter members from whom the leadership of the chapters and TiE Global will be chosen is very critical.

A Democratic Process:

A transparent election process must be at the heart of the organization. At the start of new chapters, TiE Global will choose the leadership team of the chapter. However, all chapters and TiE Global must commit themselves to elections and a specified period of office.

Clarity to TiE Global and Chapter Roles:

The role of TiE Global and local chapters will evolve. We must, however, start with the assumption that the chapters will have significant autonomy within the broad boundaries established by TiE Global. To get started, TiE Global and the chapters must focus on their relationships along the following dimensions:

1. The basic values, beliefs and standards
2. The core activity mix
3. The protection and nurturing of the TiE franchise- the Brand
4. Financial obligations of chapters and TiE Global
5. The key processes for active and on going dialog between them

Recognition of Inherent Tensions:

TiE Global and Chapter leaders must recognize that there will always be tensions that are inherent in a global organization such as: Local autonomy and global standards, Change and stability, Innovation and Efficiency and transparency and control. These are not specific to TiE. All global organizations have to cope with these tensions. Therefore, a conflict resolution process is critical.

Conclusion:

Most of the structural elements of the House of TiE are already in place. The foundation – the values and beliefs - is well understood. The roof – the mission and the visible outcomes are rapidly evolving. The TiE franchise is a valuable lever for creating entrepreneurial drive in the various chapters and influencing the Indus region. The formal structure of TiE chapters and TiE Global needs to be developed. This formal structure must be part of the overall governance process. This document is about the meaning and role of TiE, a specification for the governance process and the role of the formal structure within it.

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