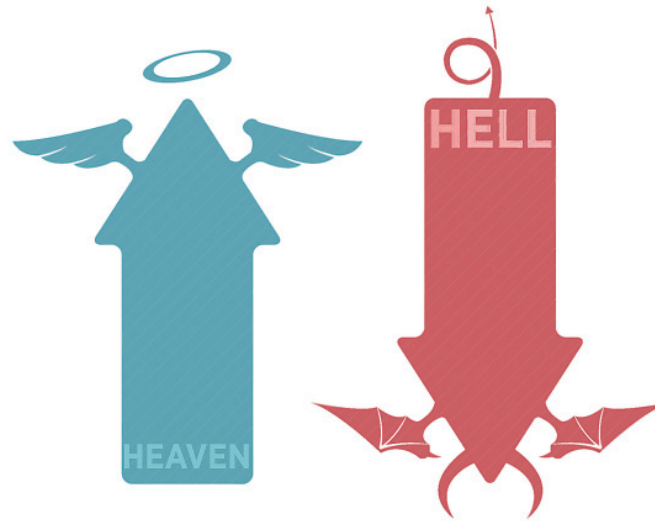


# Holacracy

Heaven or hell?



A company without a boss? A team without a leader? A way of working independently, just like you consider it to be most suitable? Have you heard those questions before? If so, you probably work in one of the few organizations that have already turned down traditional management approaches and adopted a new form of leadership.

by Julia Fadler and Franz Schwarenthorer



## Recommended Reading

Who is using Holacracy?

<http://structureprocess.com/holacracy-cases/>

Holacracy: The Revolutionary Management System that Abolishes Hierarchy by Brian J. Robertson  
Portfolio Penguin, 2015

In the past years, a lot of ideas and concepts have been emerging that foster self-organization in companies. All these different concepts share the idea of human nature as being eager to grow, gain more expertise and do meaningful work. Based on that assumption, the freedom to act independently in one's job as well as taking over responsibilities for one's own work lead to more motivation and engagement among employees. Individuals in such a work environment serve the organization as a whole because the employees enjoy their work and want to move further. One specific approach embracing the ideas of self-organization and striving to work for an organization's purpose is Holacracy.

## A new operating system for organizations

Holacracy is a system of organizational governance developed by Brian Robertson. The basic idea is that power moves from leaders to processes in an organization as a whole. All actions in a holacratic organization should serve a specific purpose.

In Holacracy, a hierarchical pyramid structure is replaced by a structure of circles and sub-circles, e.g. circle Marketing and sub-circle Digital Marketing, that are linked to each other by functions. In each circle, there are special roles that connect and co-ordinate the work of the sub-circles. A circle consists of different roles, e.g. Social Media Manager, that are clearly defined by their purpose (the why), domains (the what) and corresponding accountabilities. Each person wor-

king in a holacratic organization can take over multiple roles and therefore belongs to more than one circle. In comparison to job descriptions in traditional organizations, roles are changed dynamically in accordance with needs from within the organization or as a reaction to changes from outside.

Holacracy also defines clear decision-making processes and meeting structures to guarantee a coordinated course of action within the circles and the organization as a whole. Weekly tactical meetings are held on the circle-level and serve the purpose of checking the circle key performance indicators, exchanging the status of work and addressing tensions arising in the day-to-day operative work. Governance meetings are held on a monthly basis to further develop how work is done in the organization (Which roles do we need? What are ongoing activities that we need to watch?). The overall goal is »to go with the flow« in an organization – if someone makes a suggestion on how to proceed further, the idea can only be neglected by the others if serious doubts arise.

### **A heavenly way of working or an overload of structure?**

A lot has been said and written about organizations that have adopted Holacracy. Some share very positive experiences and find relief in clear meeting structures that actually lead to fruitful outcomes. Others are doubtful about the added value of the »new operating system« and criticize Holacracy for being extremely technical and over-structured. Individual experiences with Holacracy also seem to differ a lot within an organization, as the example of the online shoe and clothing shop Zappos, the largest organization having adopted Holacracy so far, shows. When the company completely changed their internal structures and processes to Holacracy, most employees decided to stay. 29 percent of the staff, however went for the buyout option offered by Zappos and left the organization. The wide range of views on Holacracy are shown with the following two quotes: One employee at Zappos stated that »... my worst day at Zappos is still better than my best day anywhere else. I can't imagine going back to traditional hierarchy anymore.« A former employee of the organization called Holacracy »... a social experiment that created chaos and uncertainty.« How can this gap be explained?

### **Do you have the right mind-set and skills?**

Holacracy and other approaches fostering self-management demand a certain mind-set and special skills, which might be new or unfamiliar to a lot of people who have been working in traditionally managed organizations for most of their work life. One of the core skills that have to be developed to profit from self-organization is the ability to work in self-organized teams. This might sound trivial but it is actually a huge challenge.

Working in self-organized teams needs clear rules. On an individual level, self-organization requires the ability to give and receive feedback – even (or above all) if it is critical. Furthermore, it needs an overall attitude of openly sharing with others. For various reasons, we are often used to keeping information to ourselves or do not want to express doubts and fears. In the system of Holacracy, that is not possible: Very clear meeting structures are used to share all the information necessary to guarantee a steady workflow. If decisions have to be made, everyone is responsible for the outcome and can make suggestions or express worries. Bearing all that in mind, Holacracy provides a lot of opportunities for organizations to become places of creative exchange and co-operation, but it also runs the risk of expecting too much from people who are not used or not willing to work without clear instructions by management.

### **What can organizations learn from Holacracy?**

Summing up, Holacracy provides some very interesting knowledge. The idea of giving power to the process and providing the necessary set-up for people so they can decide independently in their field of responsibility is definitely a promising path for all kinds of organizations. Thinking about this possibility might trigger an intense process of reflection on what is actually expected from employees: Do we really want our employees to act and decide independently? Holacracy might be criticized for good reasons and the decision in favor of or against adopting this new operating system has to be made by organizations individually. In any case, the approach shows one possible way for organizations to continuously develop their own structures and processes in order to keep up with the pace nowadays. ●