

Holacracy as an alternative to organisations governance

Luís Borges Gouveia

University Fernando Pessoa

V1.1 – 16th November 2016

Holacracy as an alternative to organisations governance

A *TRS event, Room P1.2 (Fernando Pessoa Hall), University Fernando Pessoa
16th, November, 2016, Luis Borges Gouveia

- This presentation introduce holacracy and discuss its use as an alternative to organize people within a corporate environment.
- A holacracy is a governance structure characterized by a distribution of power among self-organizing groups, rather than the top-down authority in the typical hierarchical corporate culture model.
- A holacracy provides a flat management structure that distributes authority. The goal of a holacracy is to ensure that those responsible for completing the work have the authority to decide how that work should be carried out.
- Holacracy benefits are the promises to harness agility, transparency, accountability, employee engagement and innovation. It also potentiates greater efficiency.
- Main critics are that the model do not allow for sufficient lateral communication. Also, it use is still emerging and we do not have sufficient evidence on holacracy advantages to rely on its promises

What is Holacracy?

Authored by *Brian J. Roberston*

- It is a new social technology for governing and operating an organization, defined by a set of core rules distinctly different from those of a conventionally governed organization
- Holacracy includes the following elements:
 - a constitution, which sets out the “rules of the game” and redistributes authority
 - a new way to structure an organization and define people’s roles and spheres of authority within it
 - a unique decision-making process for updating those roles and authorities
 - a meeting process for keeping teams in sync and getting work done together



History and context

Year	Author	Notes
1967	Arthur Koestler	<p>The term holacracy is derived from the term holarchy, coined by Arthur Koestler in his 1967 book <i>The Ghost in the Machine</i></p> <p>A holarchy is composed of holons or units that are autonomous and self-reliant, but also dependent on the greater whole of which they are part.</p> <p>A holarchy is a hierarchy of self-regulating holons that function both as autonomous wholes and as dependent parts</p>
2007	Brian Robertson	<p>Ternary Software (EUA) distilled the best practices into an organizational system that became known as Holacracy</p>
2010	Brian Robertson	<p>Holacracy Constitution, which lays out the core principles and practices of the system, and has supported companies in adopting it</p>
2015	Brian Robertson	<p>Publish a book <i>Holacracy: The New Management System for a Rapidly Changing World</i>, that details and explains the practices of Holacracy.</p>

Holacracy: aim and goals

- A self-managing philosophy that may make businesses more resilient, innovative and better attuned to customer needs
 - proponent of no-boss, non-hierarchical governance, fight of employee rotation
- Is a complete, packaged system for self-management in organisations
 - replaces the traditional management hierarchy with a new peer-to-peer "operating system" that increases transparency, accountability, and organisational agility
 - through a transparent rule set and a tested meeting process, Holacracy allows businesses to distribute authority, empowering all employees to take a leadership role and make meaningful decision

Holacracy: benefits

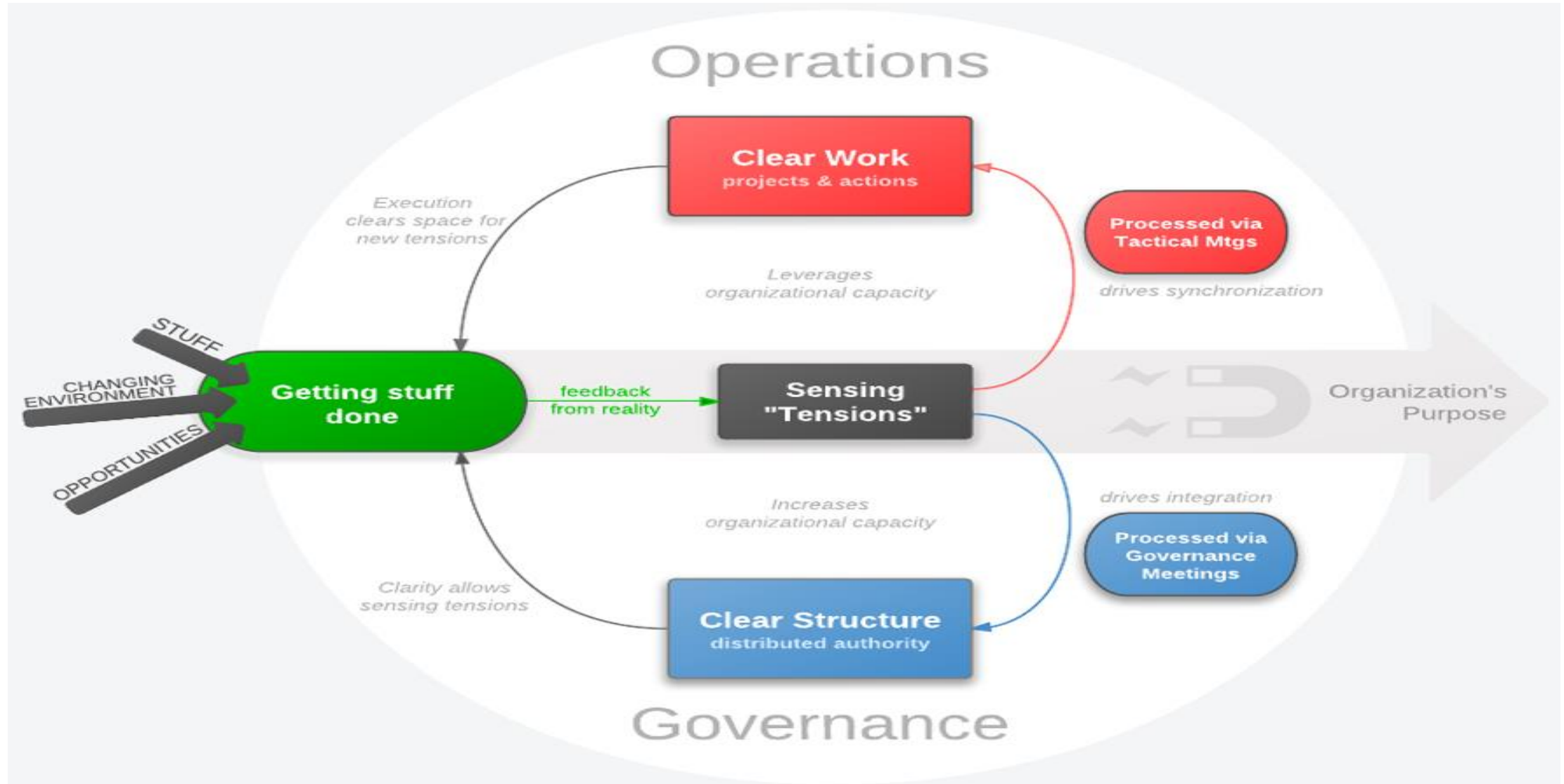
- The traditional hierarchy is reaching its limits, but flat management alternatives lack the rigor needed to run a business effectively
- Holacracy is a third way: it brings structure and discipline to a peer-to-peer workplace
 - Flexible organizational structure: with clear roles and accountabilities
 - Efficient meeting formats: geared toward action and eliminating over-analysis
 - More autonomy to teams and individuals: individuals solve issues directly without bureaucracy
 - Unique decision-making process: to continuously evolve the organization's structure

Holacracy: how it works

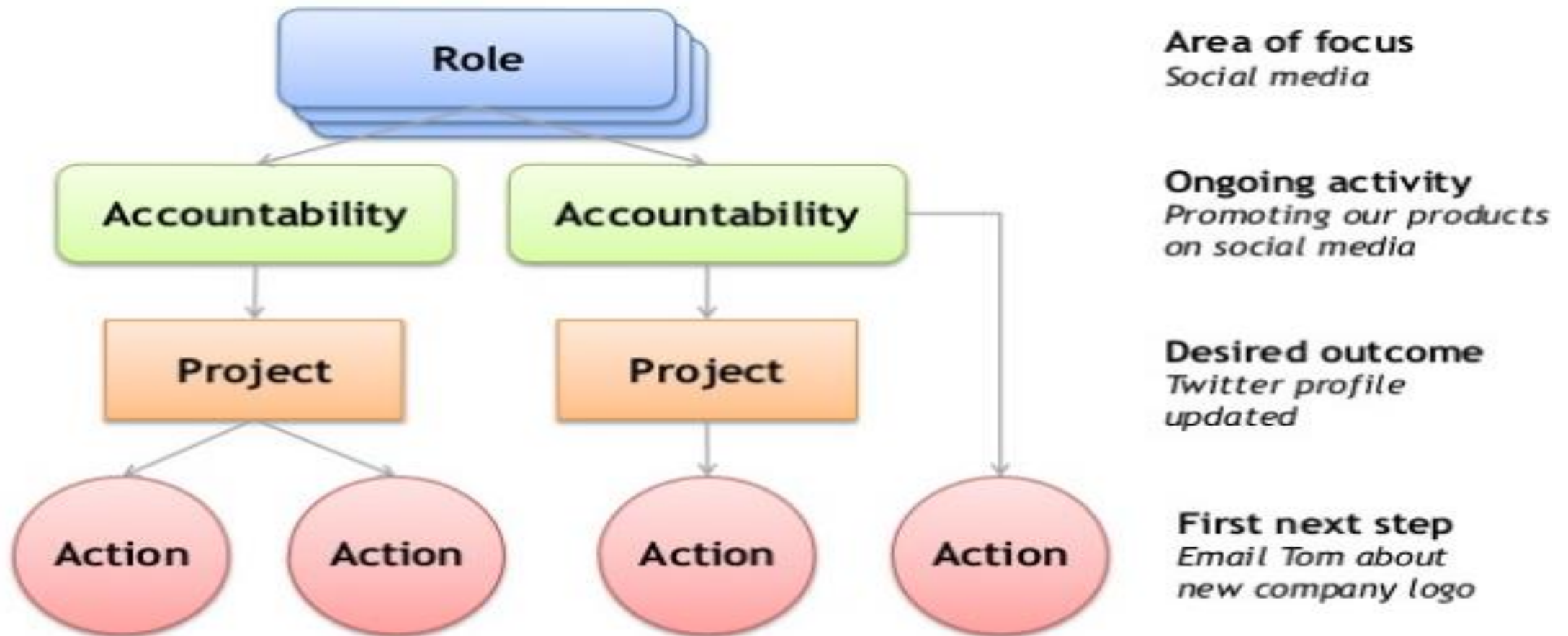
<http://www.holacracy.org/how-it-works/>

- *“That requires a restructuring process, not structure, so the problem we’re trying to solve is to create organisations that are supportive of restructuring processes”*
- A key tenet of holacracy is explicitness. If employees have a problem, they can announce a “tension”
 - In a manager-less, environment such as Zappos, all roles, responsibilities and policies are stored in a software system called GlassFrog
- The idea is to adapt companies from an era in which many employees performed repetitive tasks to the modern era of companies run by relatively few people that can quickly acquire stratospheric valuations

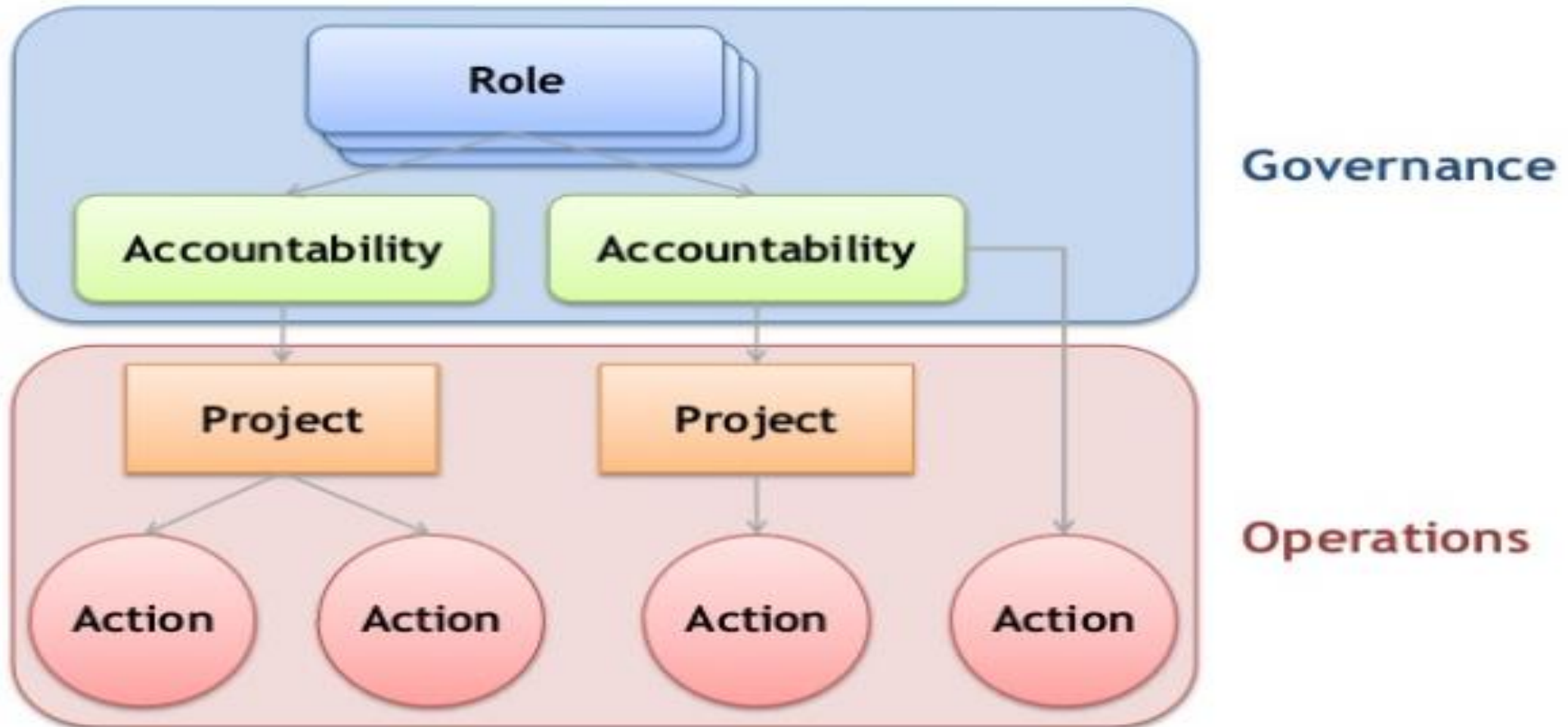
Holacracy work model



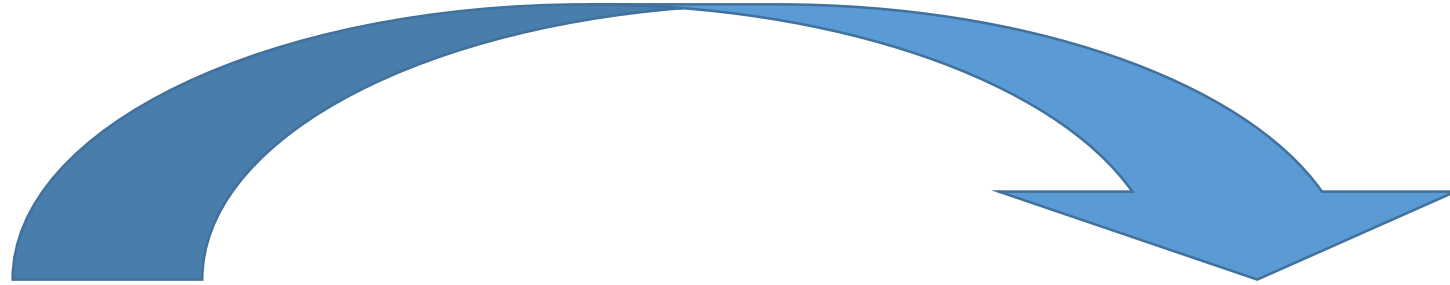
Distributed authority



Disciplined cycles



Key shifts with Holacracy



<i>static job descriptions</i>	<i>dynamic roles</i>
<i>delegated authority</i>	<i>distributed authority</i>
<i>large scale re-orgs</i>	<i>rapid iteration</i>
<i>alignment with politics</i>	<i>transparent rules</i>

Holacratic Oath (constitution)

(released as a free culture and open source)

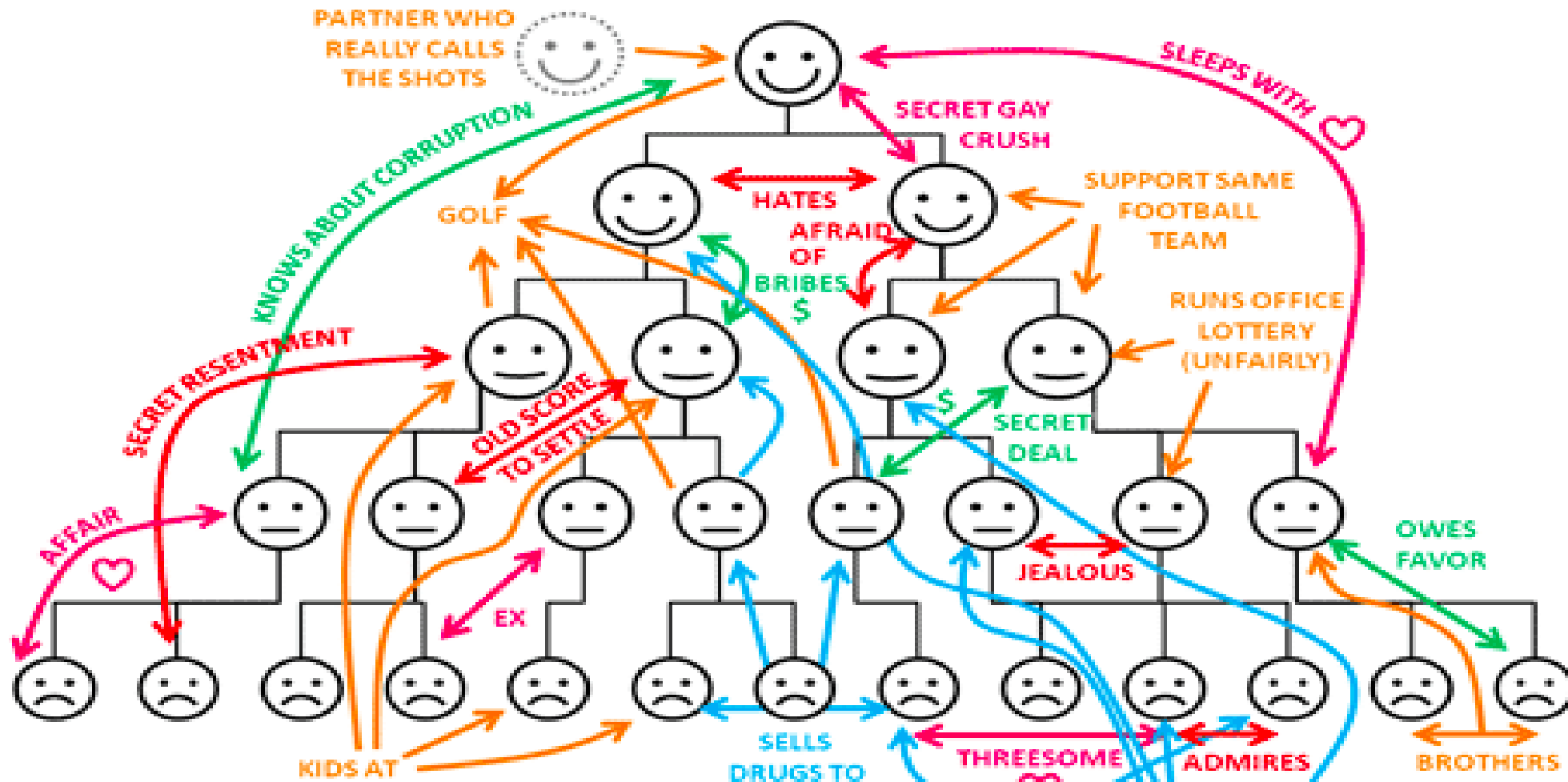
- The philosophy of Holacracy is enshrined in a 15,000-word “constitution”
 - Employees are assigned a circle and roles within it are assigned, elected, or formed into further sub-circles
 - A job is not a job but an “energiser of roles”
- Stripping bosses of their titles is the first step. Then comes the more difficult task of distributing leadership into each role
 - As the Wall Street Journal noted *"when everyone's in charge, there probably will be lots of meetings"*
- The end goal is radical transparency – there's no hiding behind titles or bureaucracy
 - As Tony Hsieh says: *"It's not the fastest or the strongest that survive. It's the ones most adaptive to change"*

Holacracy Constitution

<https://github.com/holacracyone/Holacracy-Constitution>

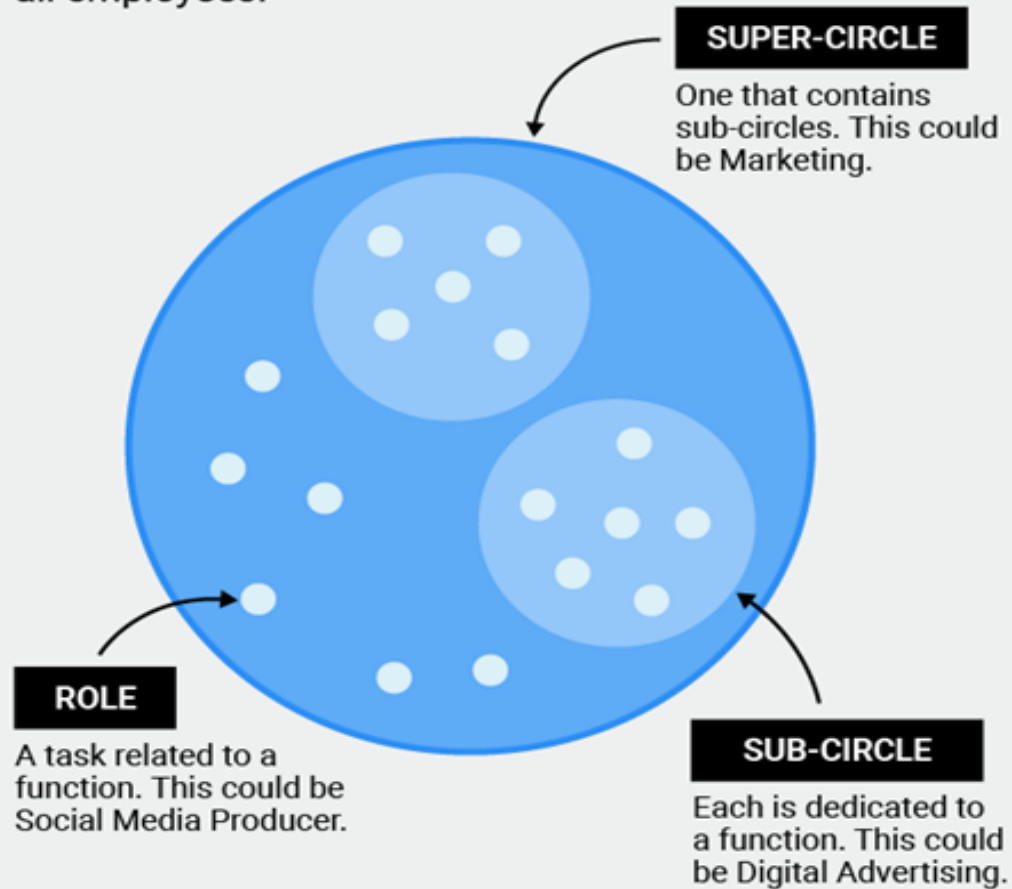
- What is the Holacracy Constitution?:
 - documents the core rules, structure, and processes of the Holacracy “operating system” for governing and managing an organization
 - provides the foundation for an organization wishing to use Holacracy, by anchoring the shift of power required in concrete and documented “rules of the game”, which everyone involved can rely upon
- The Holacracy Constitution is composed of 5 Articles
 - Article 1: Energizing Roles
 - Article 2: Circle Structure
 - Article 3: Governance Process
 - Article 4: Operational Process
 - Article 5: Adoption Matters

The hierarchy model (power relationships critic)

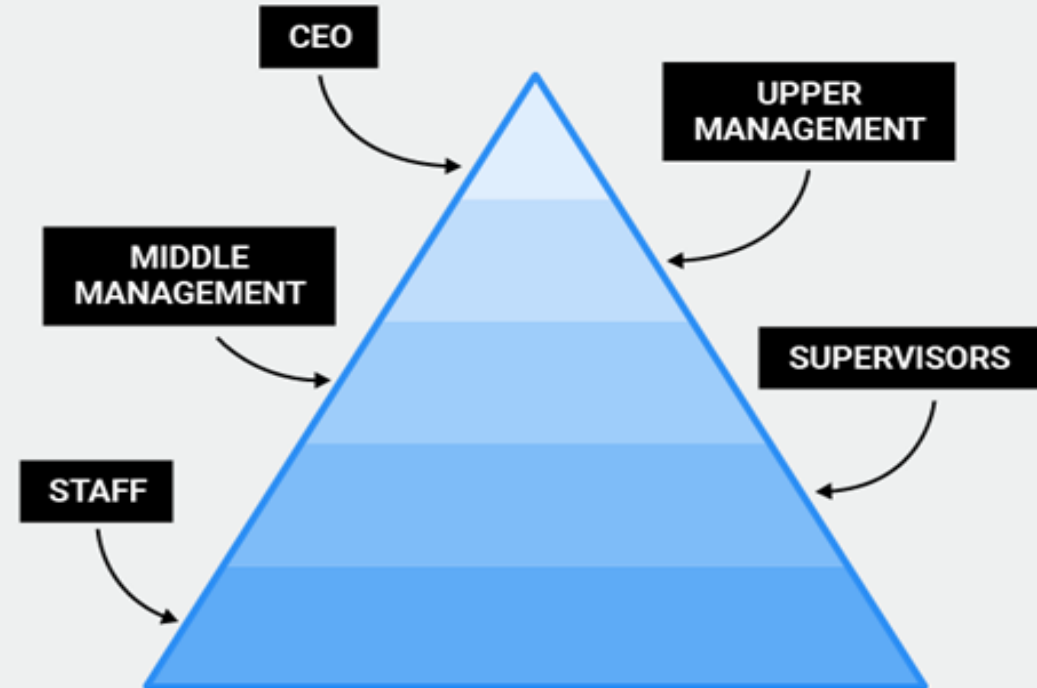


Holacracy versus Hierarchy

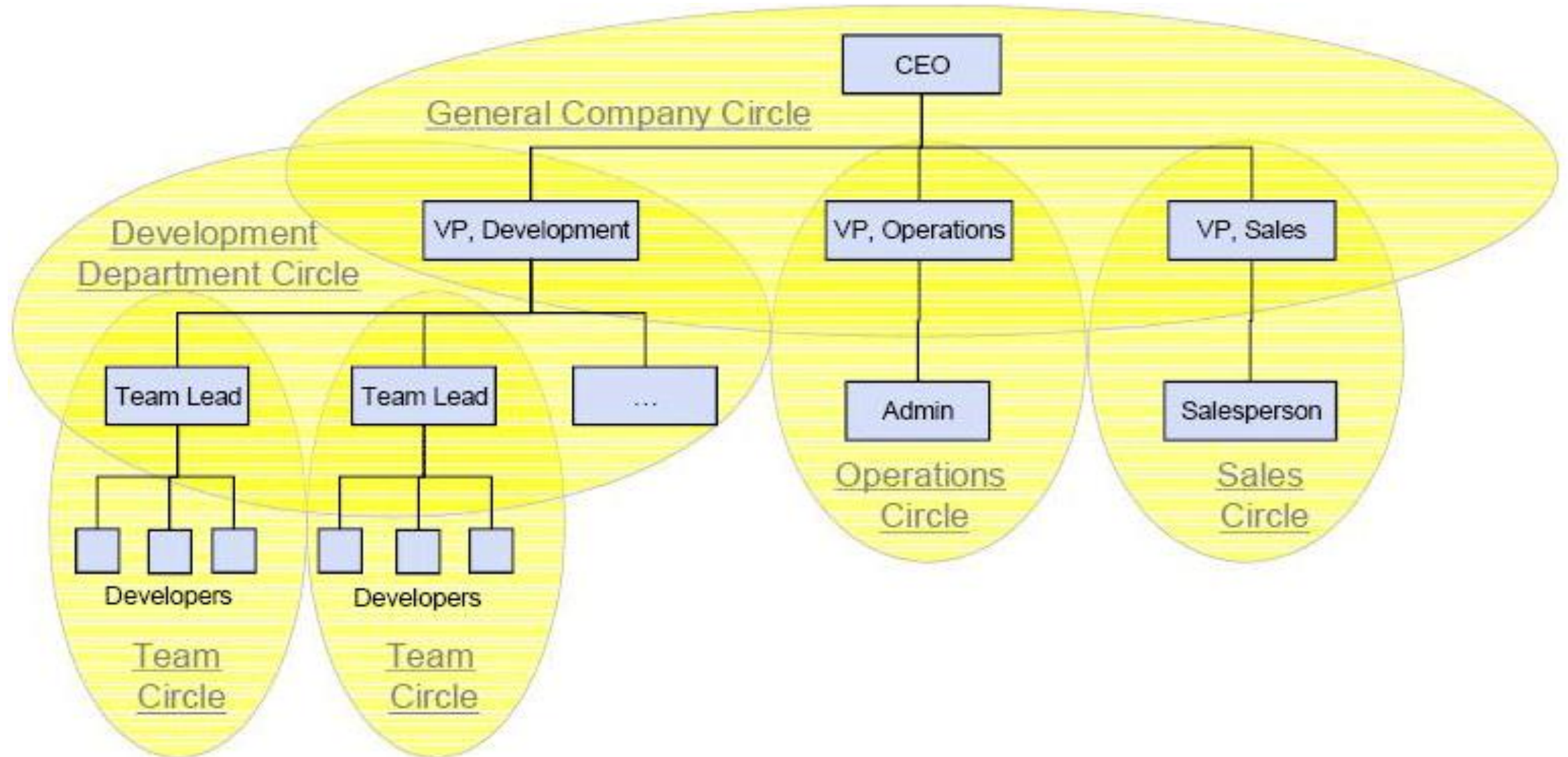
Holacracy takes powers traditionally reserved for executives and managers and spreads them across all employees.



In a **traditional hierarchy**, layers of management establish how products are approved and monitored.



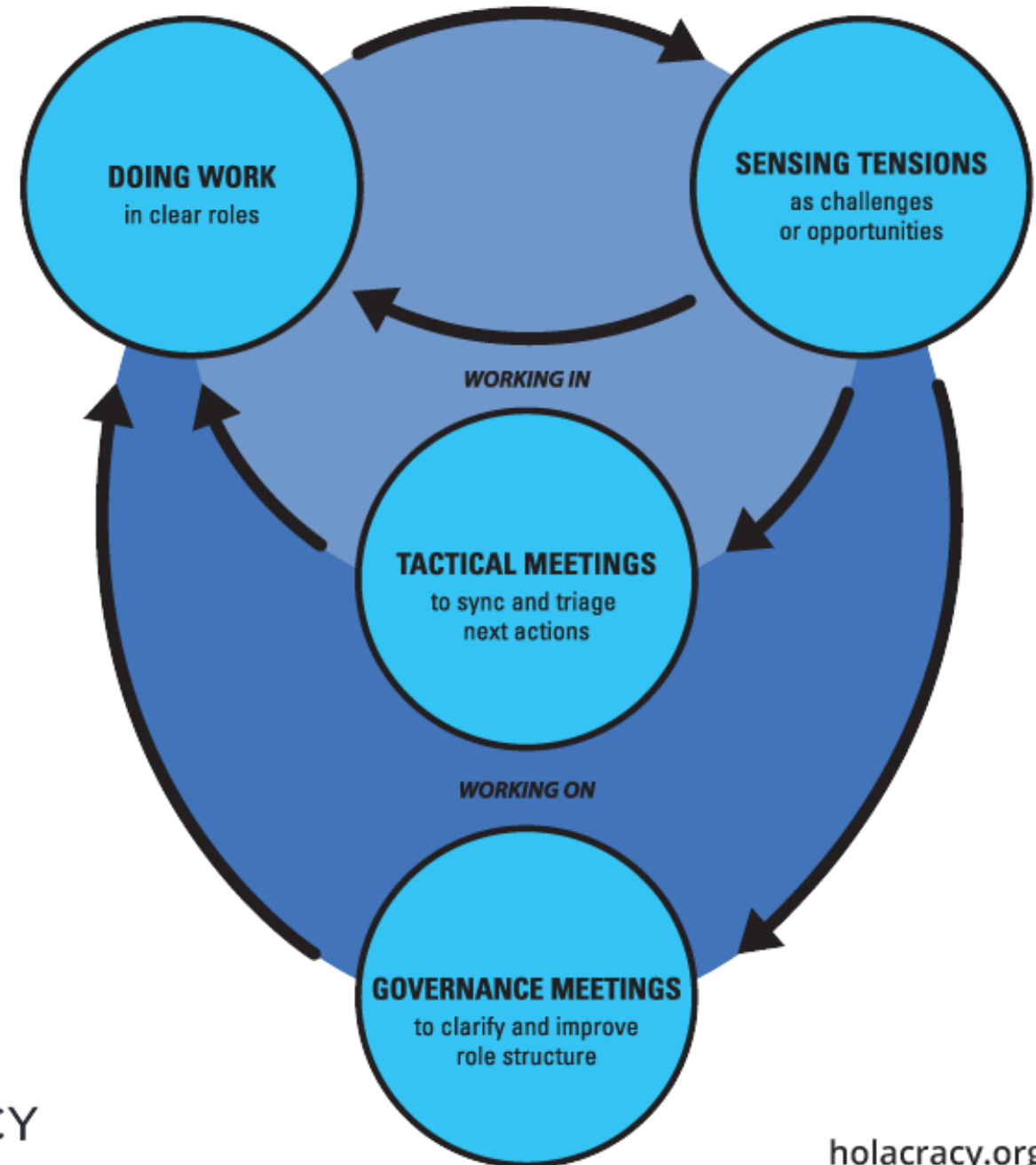
Mapping hierarchies in holacracy circles



Holacracy process



- The idea of tension as the difference between what is and the desired situation
- People as the sensors for identify tensions
- use of meetings to ensure common organisation activity
- border and power, based on circles and roles, to define each one activity



Examples inspired by Holacracy

Apple Campus 2 and Forbes Magazine



- The modern company, offers *Forbes* magazine, is more of a conversation than a mandate
 - *“We all want organisations to make us more capable of being productive, but many of us feel our organisations make us less capable and we could potentially do things better individually than we could as a team”*
Robert Bernstein (2015, Forbes)

Software to use for Holacracy

GlassFrog: <https://glassfrog.com/>

- Free version
 - Real-time governance and tactical meetings
 - Search your governance and org structure
 - Add, edit, and archive projects
 - Assign ROI to projects for prioritization
 - Activity notifications for your circle
 - Limited API access
- Premium version (\$5 user/month)
 - Pre-build proposals to bring to meetings
 - Proposals outside of meetings
 - Governance and tactical meeting history
 - Search projects across the organization
 - Review archived projects
 - Activity notifications across organization
 - Make your organization public or private
 - Full API access
 - Priority email support
 - Setup assistance

Other Software Application for Holacracy

- **ARCA Compensation** <http://www.holacracy.org/arca-comp-app>
 - This App is intended to answer key questions in defining the company's compensation process: (1) What role decides questions of compensation strategy, such as the focus areas for increased or decreased expenditures across geographies, circles, functions, and so on? (2) How does the company determine the appropriate salary range for employees? What factors are key, what values do we emphasize, and what inputs are reviewed?, and (3) What role uses those inputs to place employees within established salary ranges? Does that work have any constraints, process stops, or checks and balances in place?
- **ARCA People Review** <http://www.holacracy.org/arca-ppl-app>
 - The core purpose of ARCA's review system is: (1) To foster an ongoing conversation between lead links and circle members that helps lead links and role fillers continuously assess fitness for role; (2) To provide reliable performance data to the People & Talent circle so that we can incorporate this data into scheduled compensation reviews and recommendations for career advancement, and (3) To identify development opportunities for employees in an effort to help them better express their capabilities and make progress toward their career goals
- **Scrum Tactical Meeting** <http://www.holacracy.org/scrum-tactical-meeting-app/>
 - This app is composed of at least one role and one policy, and allows a software engineering team to combine one or more regular Scrum meetings (such as iteration planning, stand ups, or retrospectives) to create a modified Tactical meeting process (as allowed by section 4.3 in the Constitution)
- **Badge-Based Compensation** <http://www.holacracy.org/badge-based-compensation-app/>
 - This app allows partners to define and earn "Badges", where each Badge represents a useful skill (or a talent, capacity, achievement, area of knowledge, or something similarly useful for determining compensation). Partners earn a Badge by demonstrating the skill it represents to peers who already hold that Badge, or to a "Badge Bootstrapper" role if not enough people hold the Badge yet. Anyone can also propose a new Badge to capture useful skills that aren't already covered in the "Badge Library"
- **ManagerMimicry v1.0** <http://www.holacracy.org/manager-mimicry-app/>
 - defines a structure and set of rules to handle basic partnership functions for an Organization, in a way that mimics the talent management functions of a traditional management hierarchy

References

- Official site: <http://www.holacracy.org/>
- GitHub Holacracy: <https://github.com/holacracyone>
- Holacracy and Self-Organization (Zappos): <https://www.zapposinsights.com/about/holacracy>
- Holacracy book by Brian Robertson: <http://holacracybook.com/>
- Holacracia Brasil: <http://www.holacraciabrasil.com/>
- Beyond the Holacracy hype (Harvard Review): <https://hbr.org/2016/07/beyond-the-holacracy-hype>
- Some Holacracy practices: <http://structureprocess.com/holacracy/>
- A new way of working: <http://www.evolvegorganisation.com/holacracy-2-2/>
- A comic book about Holacracy: <http://igipartners.com/en/read-holacracy-comic-book-free#page-1>

Luís Borges Gouveia

<http://homepage.ufp.pt/lmbg/> | lmbg@ufp.edu.pt

- Associate Professor
Coordinator of the Technology branch PhD program on Information Science
Faculty of Science and Technology
University Fernando Pessoa
- Aggregation, Industrial Management and Engineering, University of Aveiro
PhD, Computer Science, University of Lancaster;
MSc, Electronic and Computers Engineering, University of Porto
Dip, Informatics / Applied Mathematics, University Portucalense
- Authored 15 technical books on computing science and its applications. Holds 200 plus published work on scientific journals, book chapters and international conferences on computer science related topics
- Focused on the study of how computers and digital can impact daily life of both people and organisations. How data, networks, and, information management can enhance people's life quality