A workplace with no bosses

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A workplace with no bosses: It's possible

No boss, no issue? Most people think that way. Some people are not up for the idea. A number of companies have made the news by going against the *traditional corporate hierarchy* and embracing innovative methods of management. More management levels mean paying more staff and higher wages in general. It means introducing inefficiency, as the approval chain slow and becomes more complicated. In a *hierarchical organization*, the people with the least link to the facts on the ground make the decisions at the top of that chain. Whereas, in the heart of the action, the employees at the bottom feel no agency about their job. In short: more bosses, more problems (Stevenson, 2014). So why not get rid of the entire *management structure?*

Companies have been *flattening* out their management hierarchies in recent years, eliminating layers of *middle management* that can create *bottlenecks* and slow productivity (Silverman, 2012). The handful that have taken the idea a step further, dispensing with most bosses entirely, say that the setup helps motivate employees and makes them more flexible, even if it means that some tasks, such as decision-making and hiring, can take a while (Silverman, 2012).

That's just what some companies have done. Examples of such organisations include American companies Zappos, Valve Corp, and W.L. Gore. Online footwear retailer Zappos has recently established a controversial *holacracy management structure*. *Holacracy* removes corporate hierarchy and conventional bosses in favor of *self-management*. Morning Star Co., the largest tomato processor in the world, headquartered in California, has no names, no promotions, and yes, no managers. As detailed in a 2011 case study by management guru Gary Hamel in the Harvard Business Review, Morning Star relies mainly on contract-style agreements between its workers. These agreements are called Colleague Letters of Understanding (CLOUs, pronounced "clues"), and each one is renegotiated annually. There are about 3,000 total CLOUs in effect at any given time, connecting workers in a web of shared responsibilities and expectations.

How does it work?

If one needs a pricey new piece of fabrication equipment to satisfy their CLOU, they will go ahead and buy it without permission. If they need an extra employee to make good on the expected performance of their department, they go ahead and recruit. This does not mean that one is working in a vacuum: before making any major steps, one is still required to communicate extensively with their colleagues to receive their feedback. Every unit has to justify their results to their colleagues at the end of the year. The compensation is determined by a panel of co-workers that will carefully assess your worth to the firm.

It's almost impossible to imagine this working smoothly at a corporation with more than 25 employees, right? And yet, by 2010, Morning Star had 400 full-time employees and annual revenue of $700 million, had increased its income at a double-digit rate over the past two decades and had handled 25-30 percent of all tomatoes produced in the United States. Who needs hierarchies?

The theory behind a workplace with no bosses

Holacracy theory

The modern workplace of today is a new frontier. In favor of a *sense-and-respond* leadership style focused on listening and asking the right questions, hierarchies and a command-and-control mentality are gone. *Holacracy,* according to holacracy.org, is defined as a “comprehensive practice for structuring, governing and running an organization that removes power from a management hierarchy and distributes it across clear roles, which can then be executed autonomously without a micromanaging boss."

The philosophy of leadership derives its name from *holarchy,* a term coined in his 1967 book of analytical psychology, The Ghost in the Machine, by author Arthur Koestler. The term refers to a set of holons that acts simultaneously as parts and wholes, similar to a body's organs. The *holacracy* we know today is the brainchild of Brian J. Robertson, a former programmer and entrepreneur turned management guru. As he was building the software company he founded in 2001, he realized the management-hierarchy model wasn’t agile. As a result, in 2007, he established *holacracy.*

Holacracy, once implemented by an organization, contributes to workplace transparency. A *holacracy* is intended to tap the collective intelligence of employees, to increase *transparency and democracy* within the workplace (Nowogrodski, 2015).

Zappos, which has more than 1,000 employees, is by far the largest company to try operating as a holacracy (Nowogrodski, 2015). The online retailer began its transition to *holacracy* in 2013. Company CEO Tony Hsieh was quoted as saying: “Research shows that every time the size of a city doubles, *innovation or productivity* per resident increases by 15 percent. But when companies get bigger, innovation or productivity per employee generally goes down. So we’re trying to figure out how to structure Zappos more like a city, and less like a *bureaucratic corporation*.”

Alternative models

Holacracy isn’t the only alternative leadership style that aims to distribute power evenly among employees. While these anti-hierarchy management models aren’t new, they do seem to be making a comeback.

The *flat structure* organization is basically a horizontal chart that gives employees the freedom to work with each other without any specific hierarchy. Unlike a *holacracy*, the flat structure does not come with specific guidelines. The system does not reward employees who seek to climb the vertical corporate ladder. Instead, workers are encouraged to become horizontal experts within a specific area.

Meanwhile, the *lattice management structure* is a non-hierarchical system based on interconnection among workers that is free from bosses or managers. W.L. Gore (Gore-Tex products) represents the lattice structure. A Gore employee is responsible for managing his or herself and is accountable to others on the team. W.L. Gore, founded in 1958, has always been a team-based flat lattice organization that fosters personal initiative. There are no *organizational charts or chains of command* at the company. “Instead, we communicate directly with each other and are accountable to fellow members of our multi-disciplined teams. We encourage hands-on innovation, involving those closest to a project in decision-making”.

The downside of ‘bossless’ workplaces

Holacratic-type organizations, even with their flat structures and transparent communication styles, still face operational challenges. *Holacracy*, for example, doesn’t account for workplace basics such as compensation management systems or hiring / interviewing process. Without traditional managers, it can be harder to catch poor performers. Even the employee handbook, a packet that explains Valve's philosophy and processes, notes that bad hiring decisions "can sometimes go unchecked for too long”.

Things to consider for local organisations when reviewing their management structure

Local organizations may try an evenly distributed authority alternative approach to management so as to benefit from *holacractic* principles of *collaboration*, with distributed teams gathering to share information and solve a problem or employees at all levels contributing to one common project before disbanding. The ultimate goals for local organisations adopting this management approach being *company-wide collaboration, accountability and transparency*, meaning workers maximize the time spent completing meaningful work within the *democratic workplace* making ‘bossless’ workplaces a possibility.

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