

Agile Organizations with Sociocracy 3.0

Learning Objectives

- learn about history, principles and patterns of Sociocracy 3.0
- discover how an organization might look like when running on Sociocracy 3.0
- be inspired about integrating ideas from Sociocracy 3.0 in your organizations
- consider contributing to the Sociocracy 3.0 Movement

**Agile Organization:
Sustainably Creating
A Valuable Product
With Happy People.**

Who has heard of...

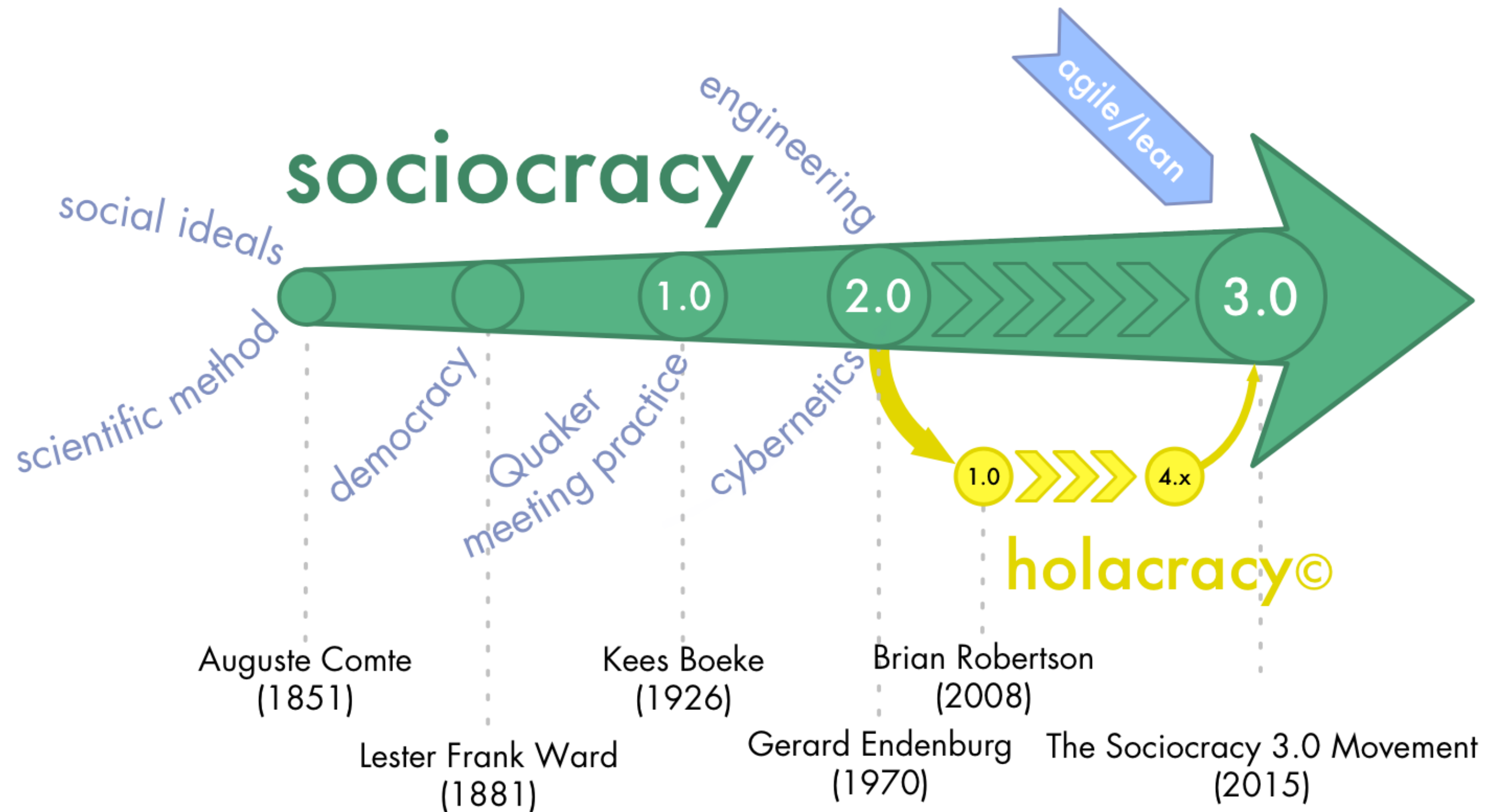
- Sociocracy (a.k.a dynamic governance / circle forward)
- Holacracy
- Reinventing Organizations (Laloux)
- Augenhöhe
- Intrinsicify
- New Work

Sociocracy 3.0 Covers All of This

Introduction and History

A Brief History of Sociocracy

From 1851 to Today



Why Sociocracy 3.0 ?

- we love sociocracy (and TSG)
- Sociocracy is a great answer to many challenges
- it helps people thrive in their organizations

But...

- ... it is a monolith
- ... there's no free materials to learn and practice
- ... there's a few things we missed
- ... it is not accessible to many organizations
- ... we also love agile and lean

The Sociocracy 3.0 Movement

We Make Sociocracy 3.0 Accessible to as Many Organizations as Possible

- more effective organizations
- more happy people
- resolve the tension between agile and management

Principles and Patterns

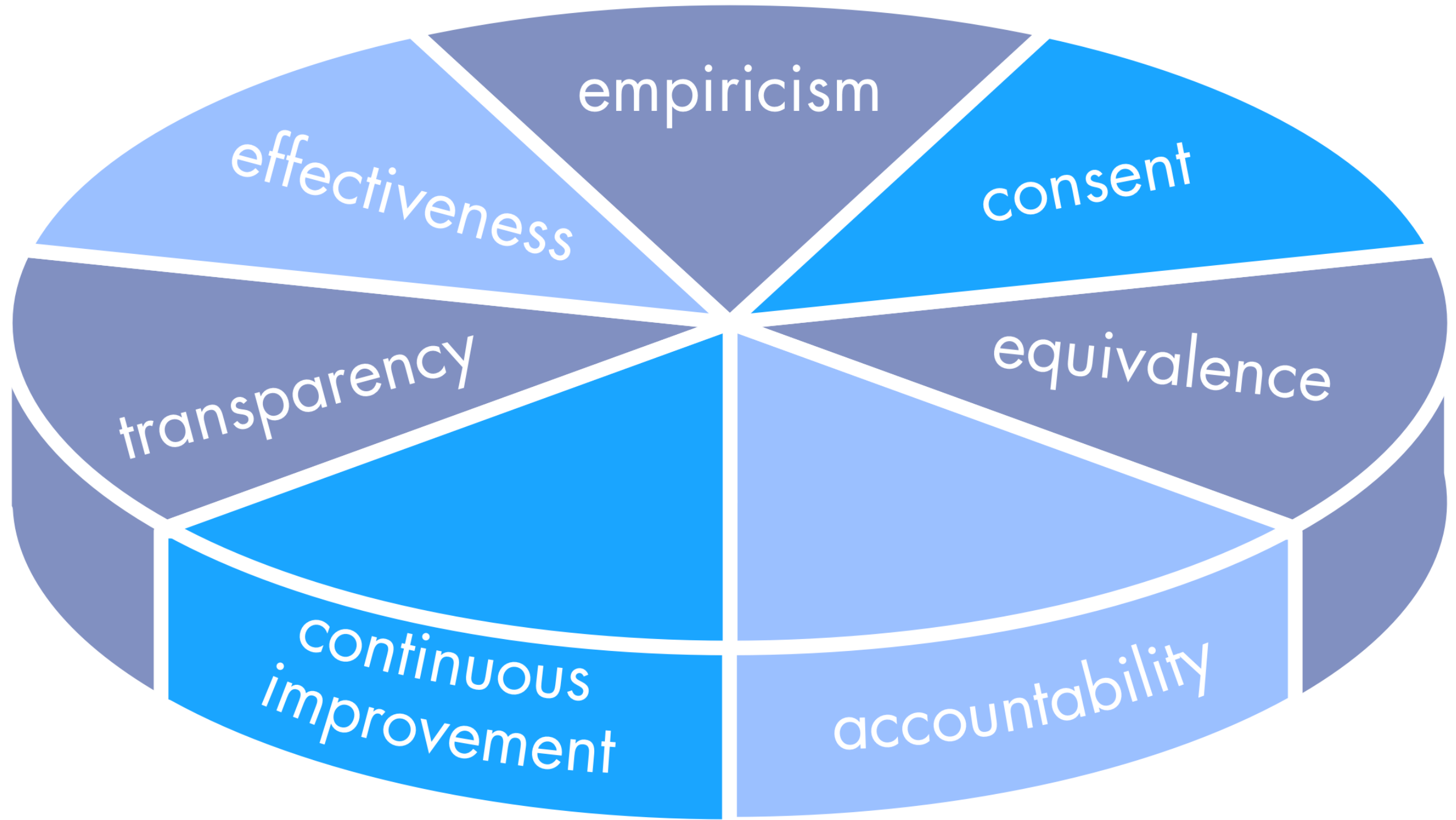
Sociocracy 3.0 - Framework of Patterns for Agile Organizations



Sociocracy 3.0 in a Nutshell

- use the wisdom already present in the organization to drive evolution
- create a pull-system for organizational change
- make the 7 principles part of your culture
- don't break what's already working
- adapt patterns to your context
- experiment

Principles

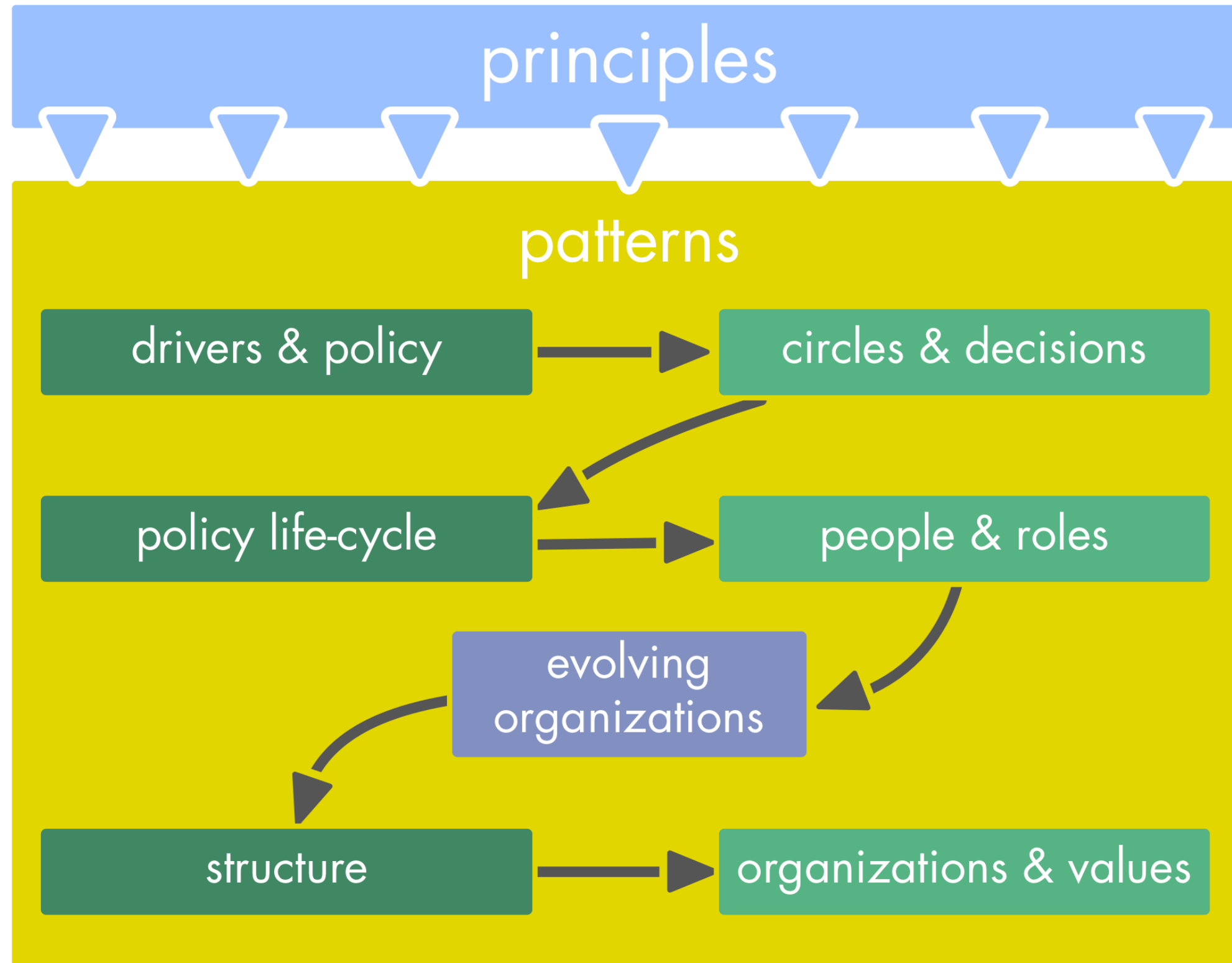


Patterns

- Templates for successfully navigating a specific context.
- 7 guiding principles ➤ patterns are easy to adapt to context
- sources:
 - sociocracy
 - agile methods
 - lean production
- new patterns will be discovered ➤ also by you!

Categories of Patterns

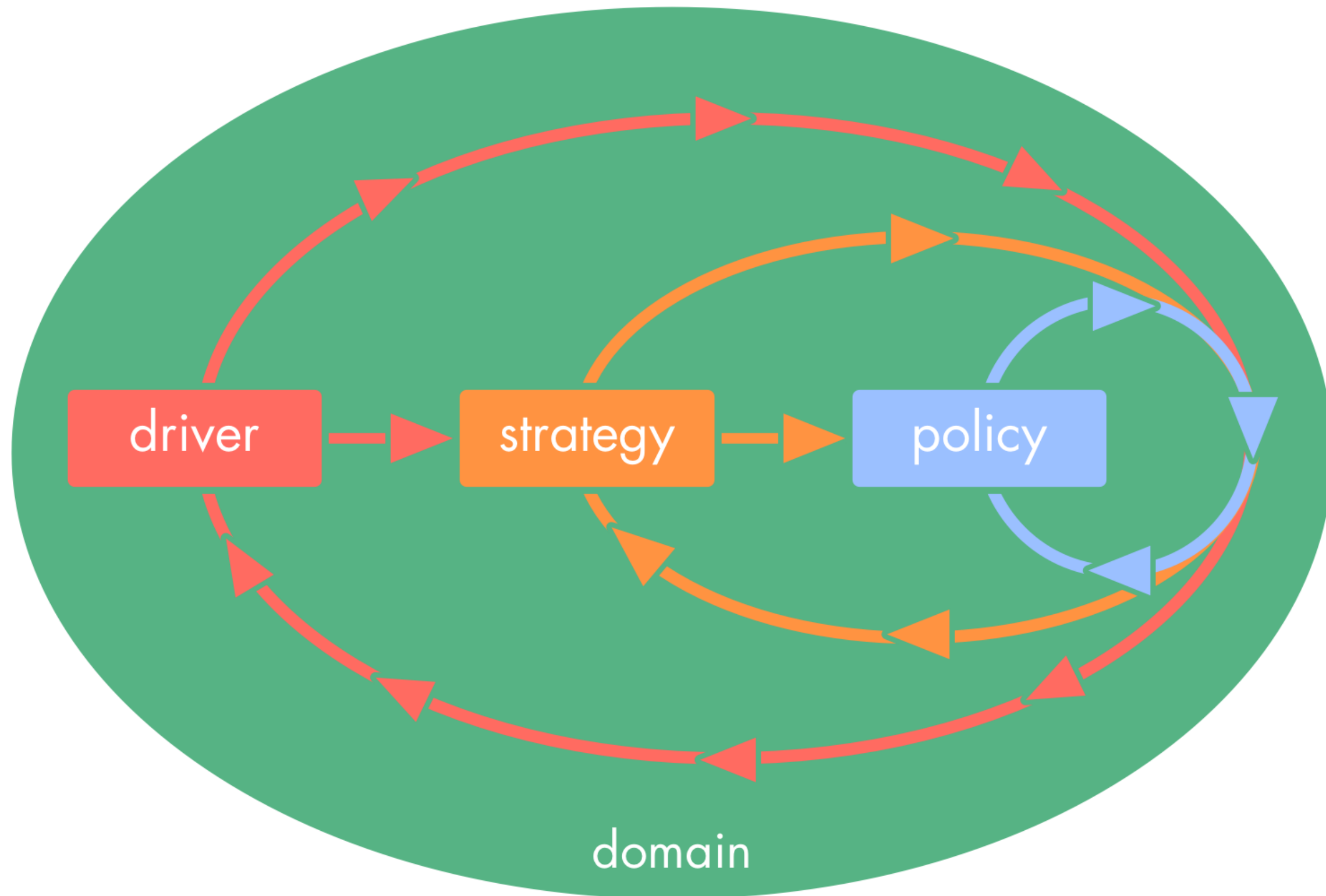
- drivers and policy
- collaboration and decisions
- policy life-cycle
- people and roles
- evolving organizations
- organizational structure
- organizations and values



Driver and Policy

Essential Patterns

- driver
- strategy
- policy
- domain



Driver

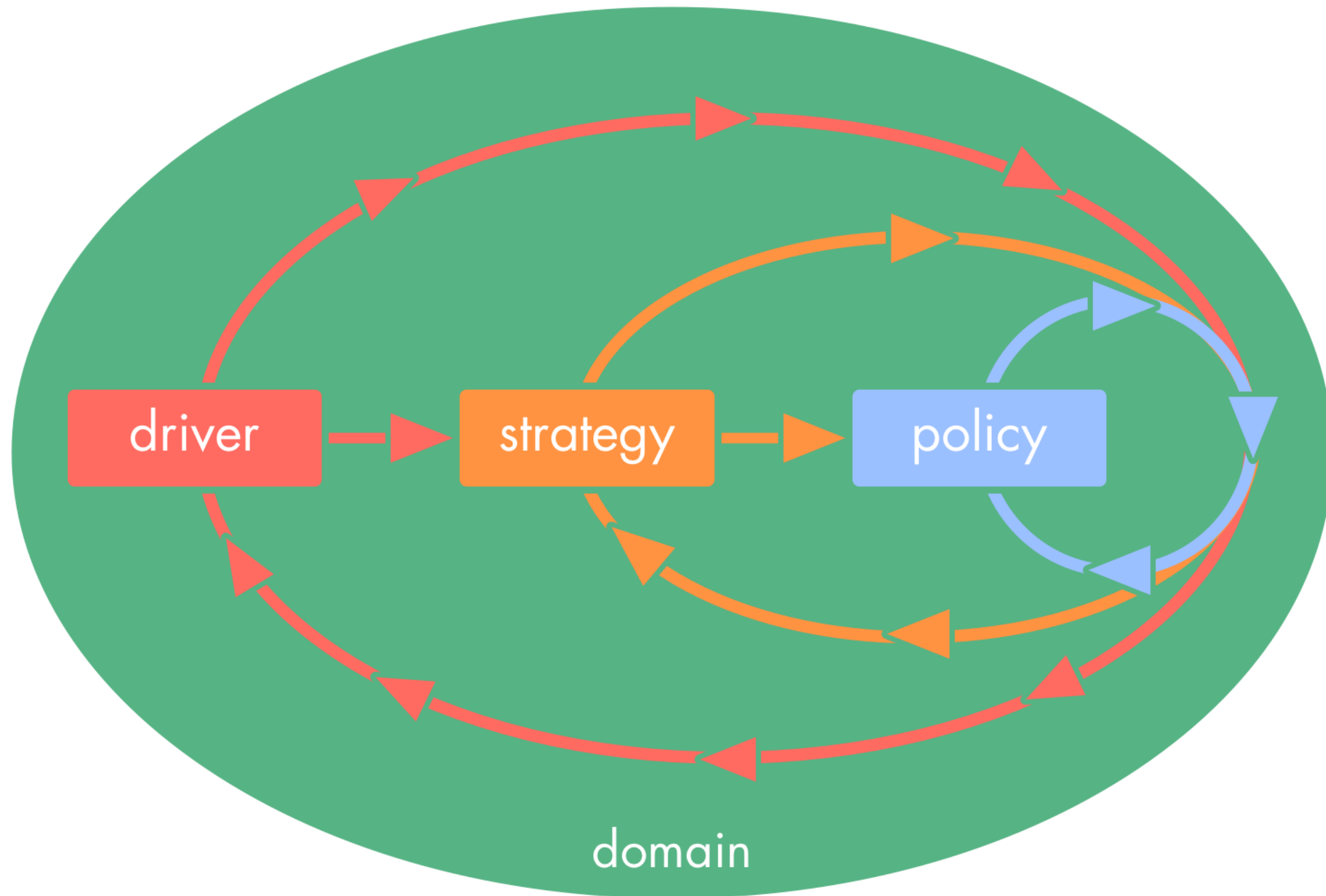
Facts/Observations ➤ Needs

- shared motivation for action
- "root cause"
- often discovered through tensions
- regular review

Examples of Needs

- revenue, profit, shareholder value, capital
- customer value
- autonomy, mastery, purpose
- connection, collaboration, recognition
- sustenance, happiness

Strategy

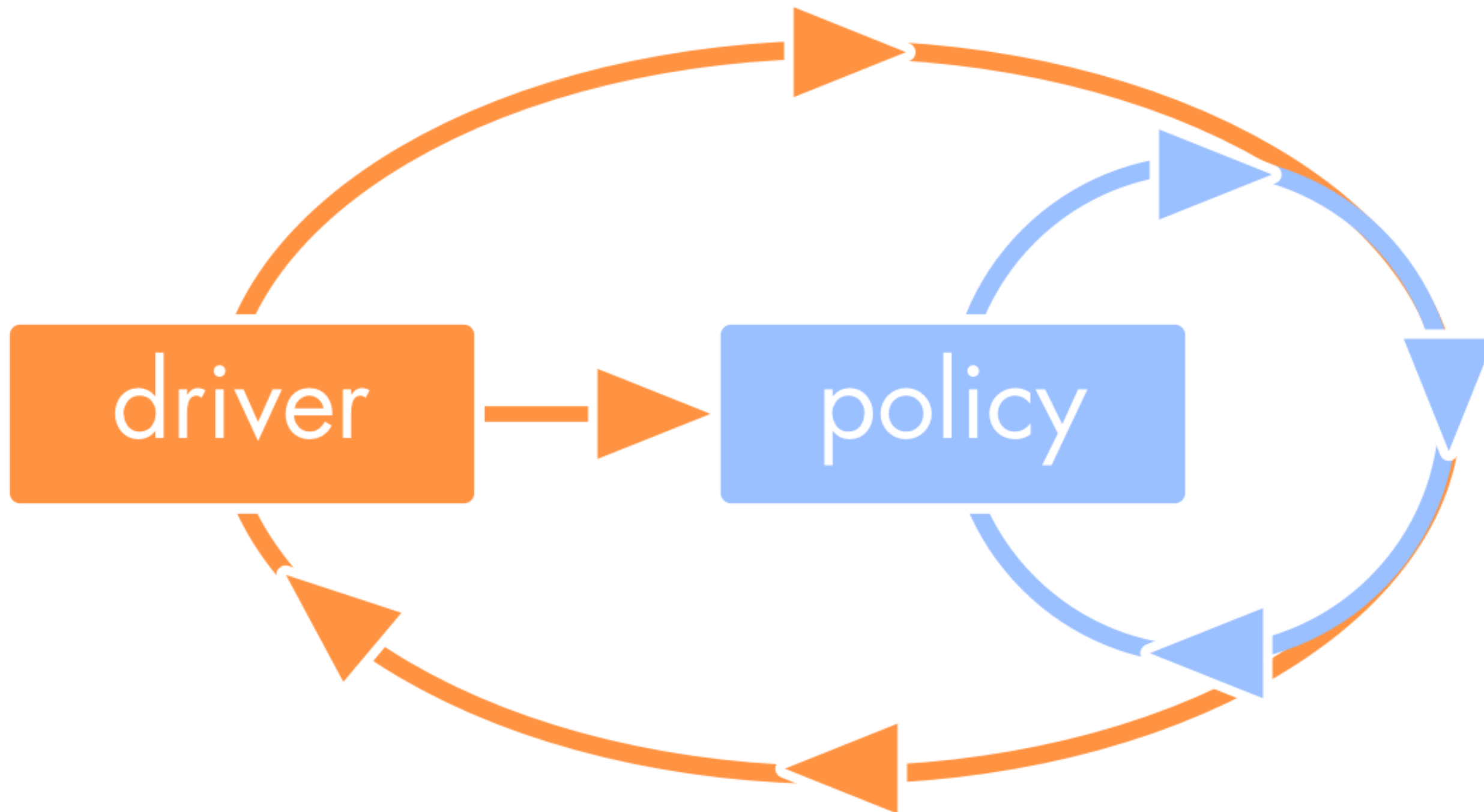


Example - Driver

- facts/observations
 - people are overwhelmed with their income tax statement
 - no idea what they will pay or get back
 - stress, anxiety
- needs
 - being in control of the process
 - creating their tax statement with ease
 - knowing they did a good job

Example - Possible Strategies

- cheap tax service
- software
- educational program
- lobbying for simplifying laws on taxation
- drivers help you pivot if a strategy fails



Policy

We Respond to Drivers Through Policy

- guideline, pattern, process or protocol
- regular review and evolution
- there's a simple template for describing policy

Examples for Policy

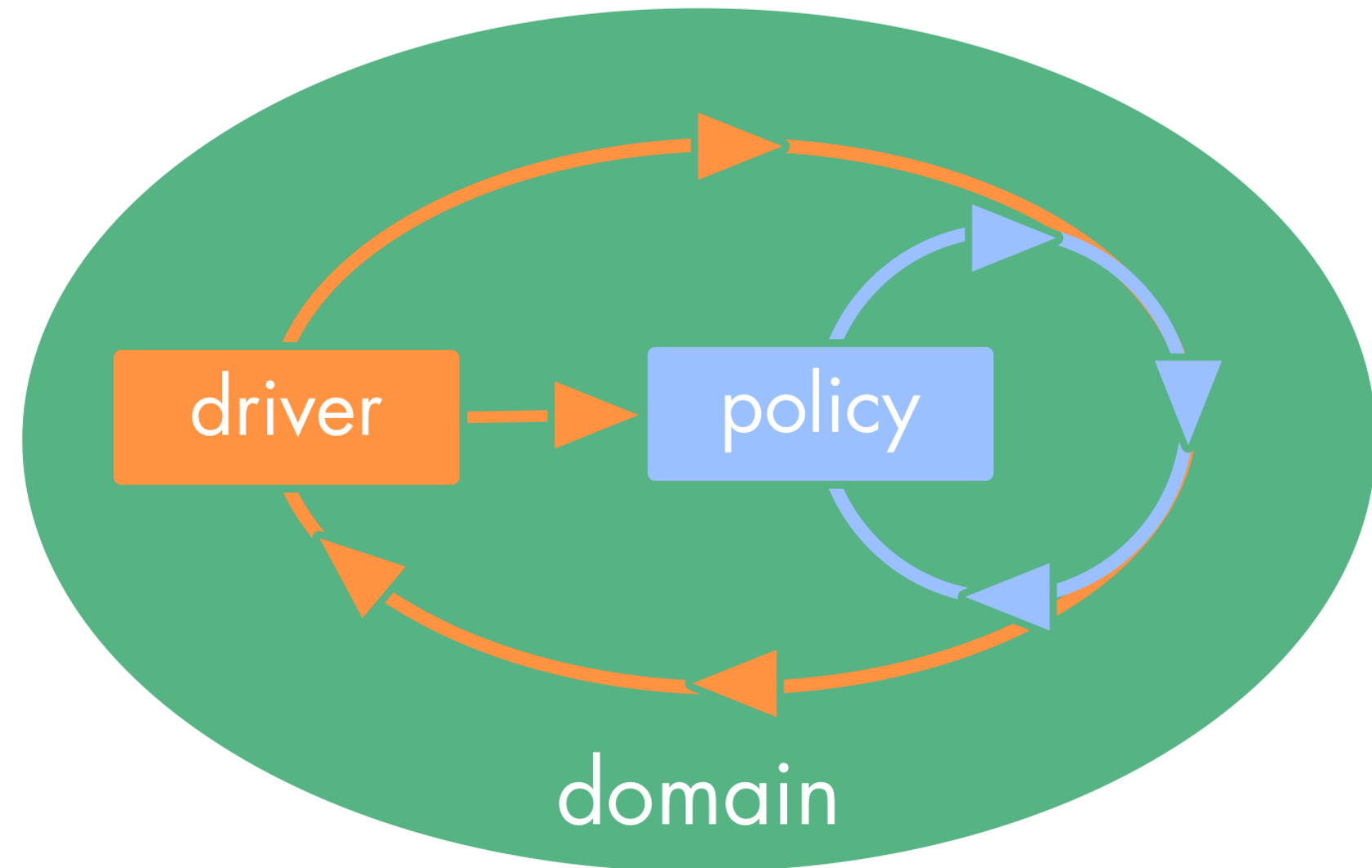
- strategy
- SOP
- compensation / dividend
- product definition and release plan
- contracts (internal/external)
- org values
- work process (scrum, kanban)

Who Creates Policy?

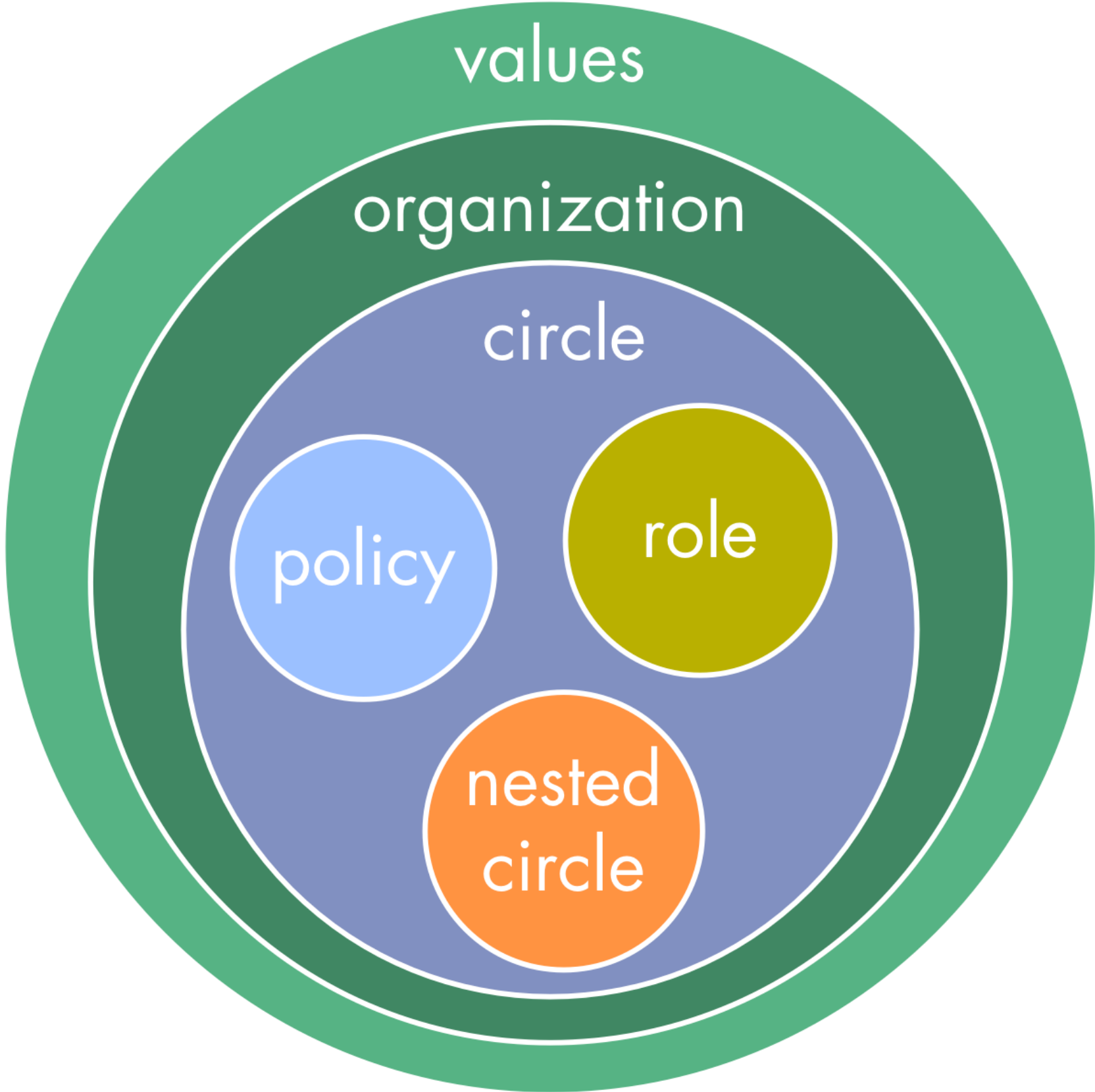
- those affected (also by delegation)
- this is a game changer!
- how? - we'll see that soon

Diver Defines Domain

- accountability
- influence
- autonomy



Nested Domains



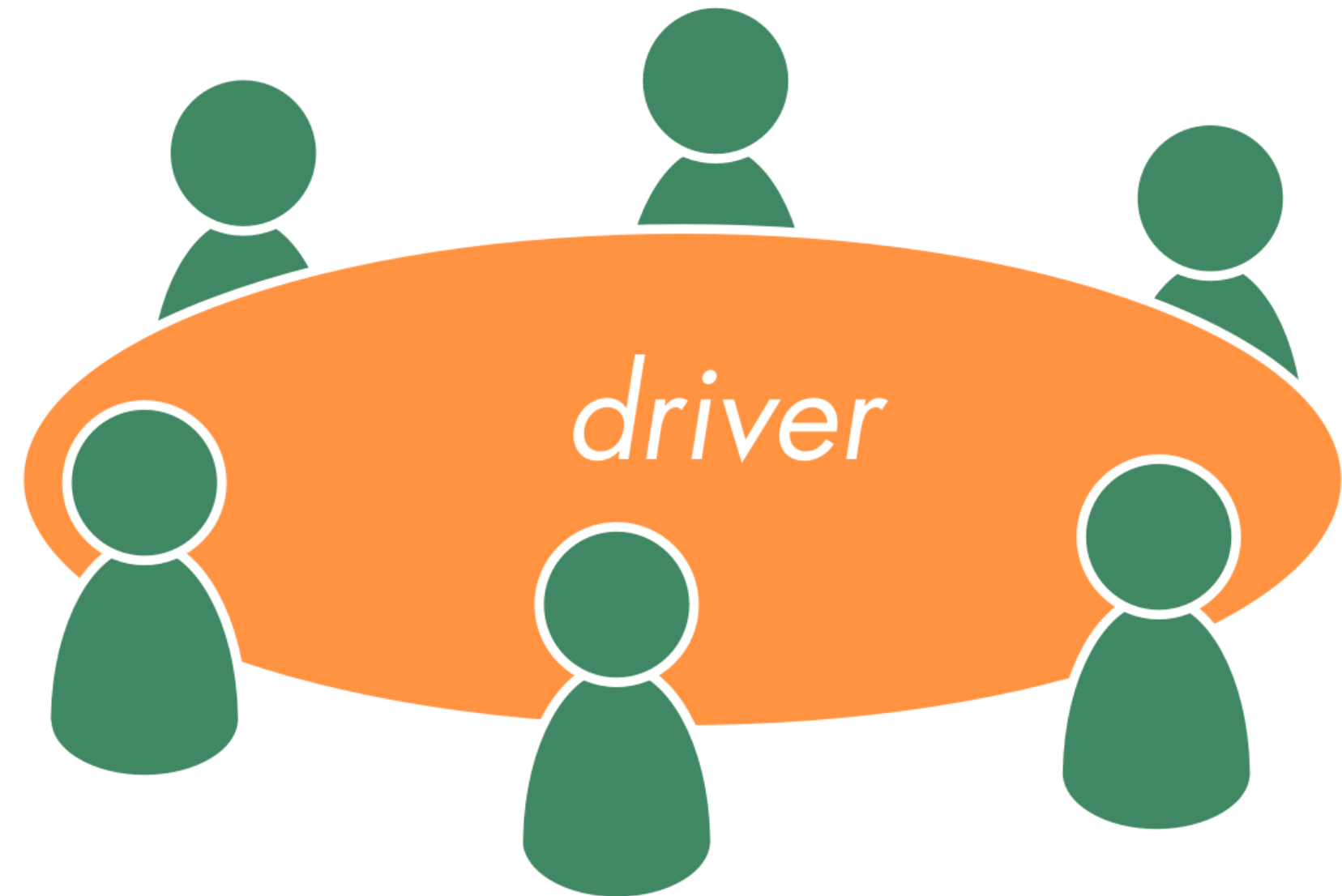
Circles and Decision Making

Essential Patterns

- circles
- policy by consent
- objections
- rounds
- consent decision making

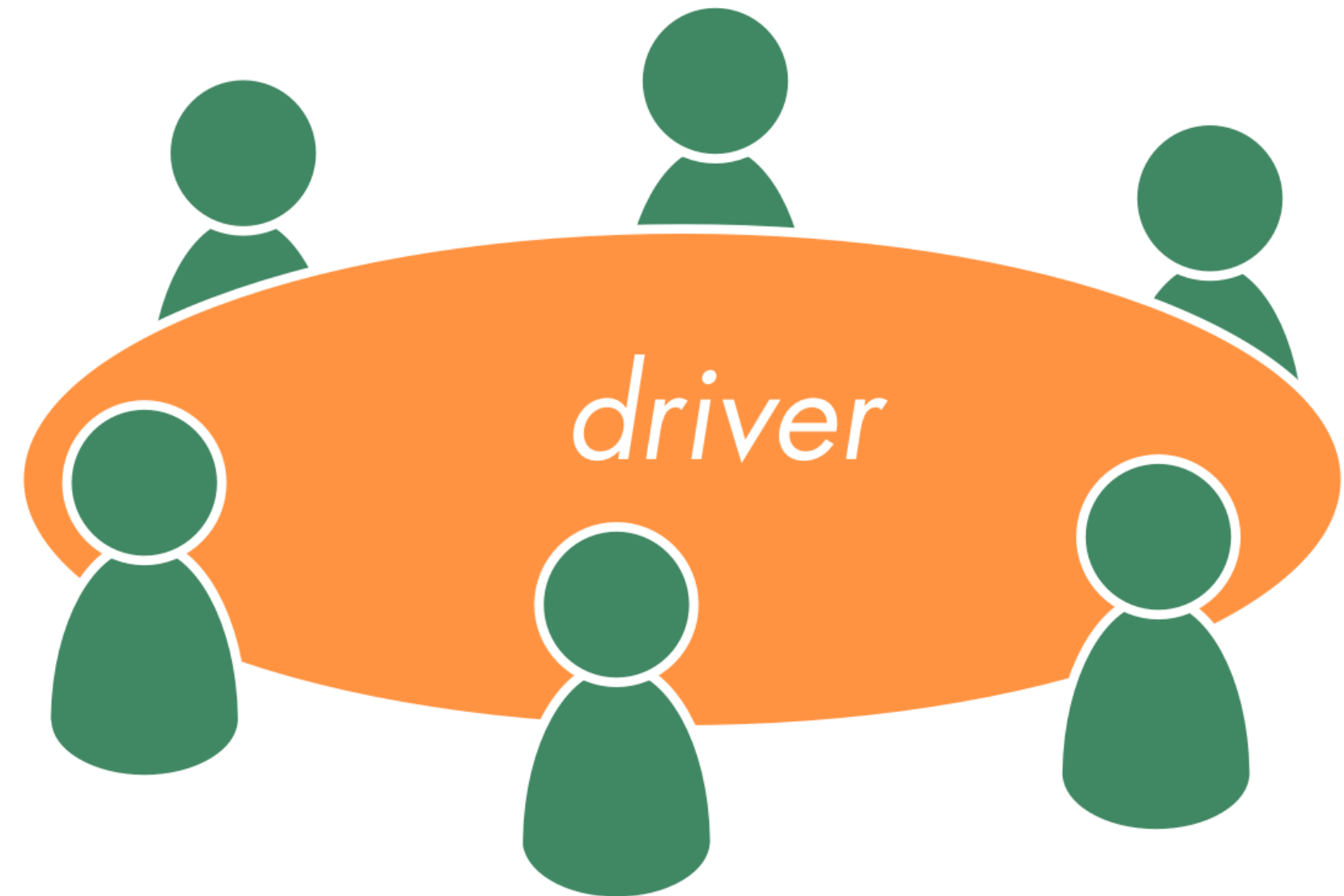
Circle

- peers gather around a driver
- all collaboration and decision making happens in circles
- circles create and evolve policy by consent



Circle

- permanent or temporary
- ...**semi-autonomous**:
- ...**self-organizing**:
- ...**self-governing**:

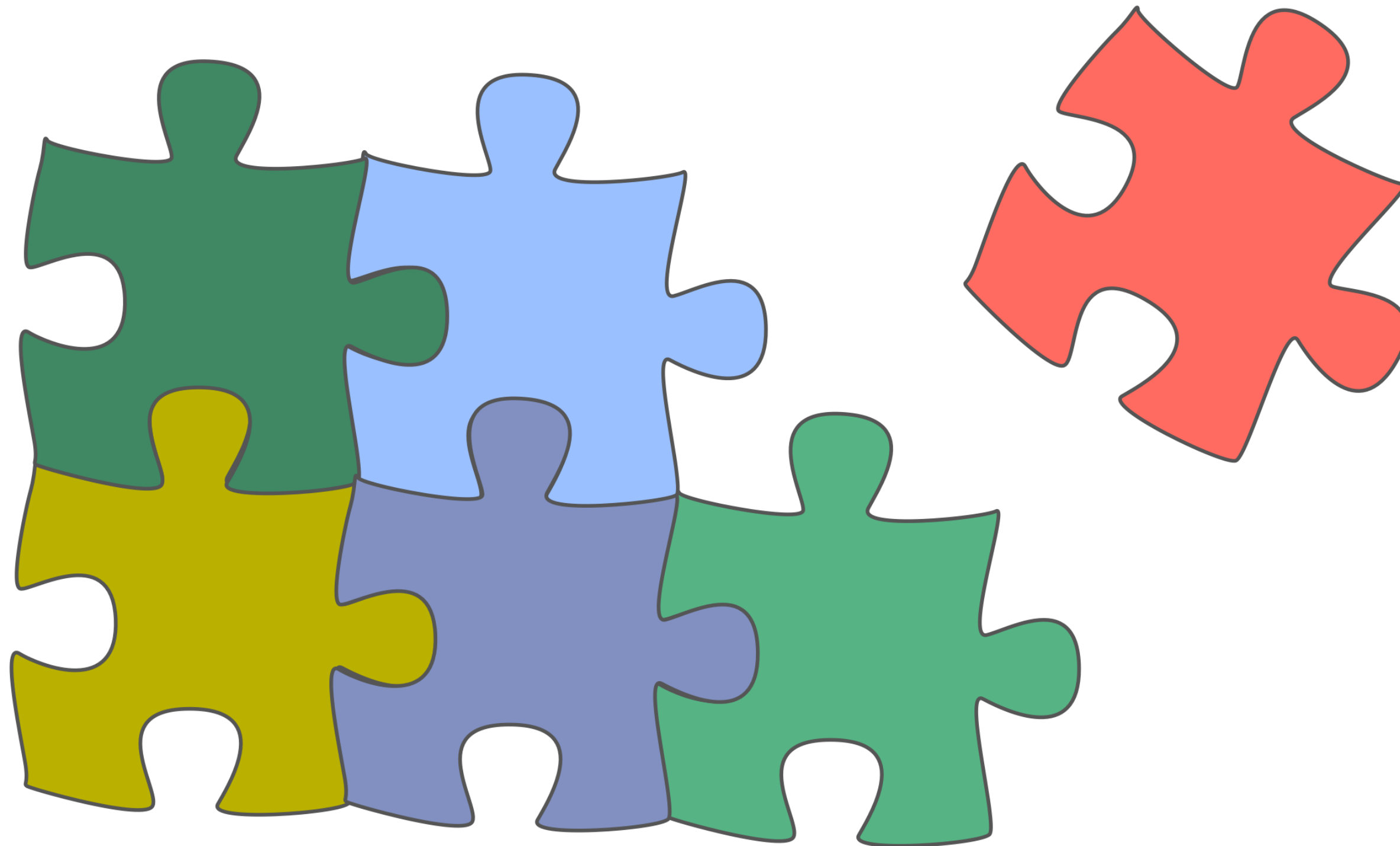


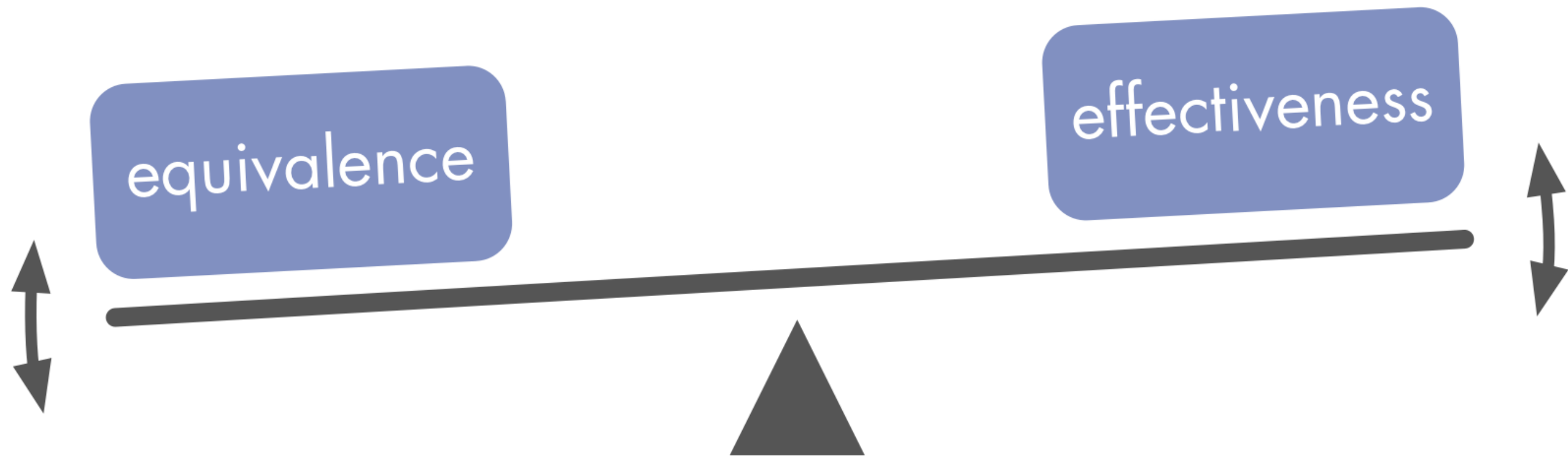
Consent

- Consent is the absence of objections
 - everyone affected by a decision can "live with it"
 - good enough for now
 - safe enough to try

Objection

- reason why something might not be a good idea
- usually argued from a driver
 - not effective
 - a better way
 - risks / challenges
- objections reveal wisdom

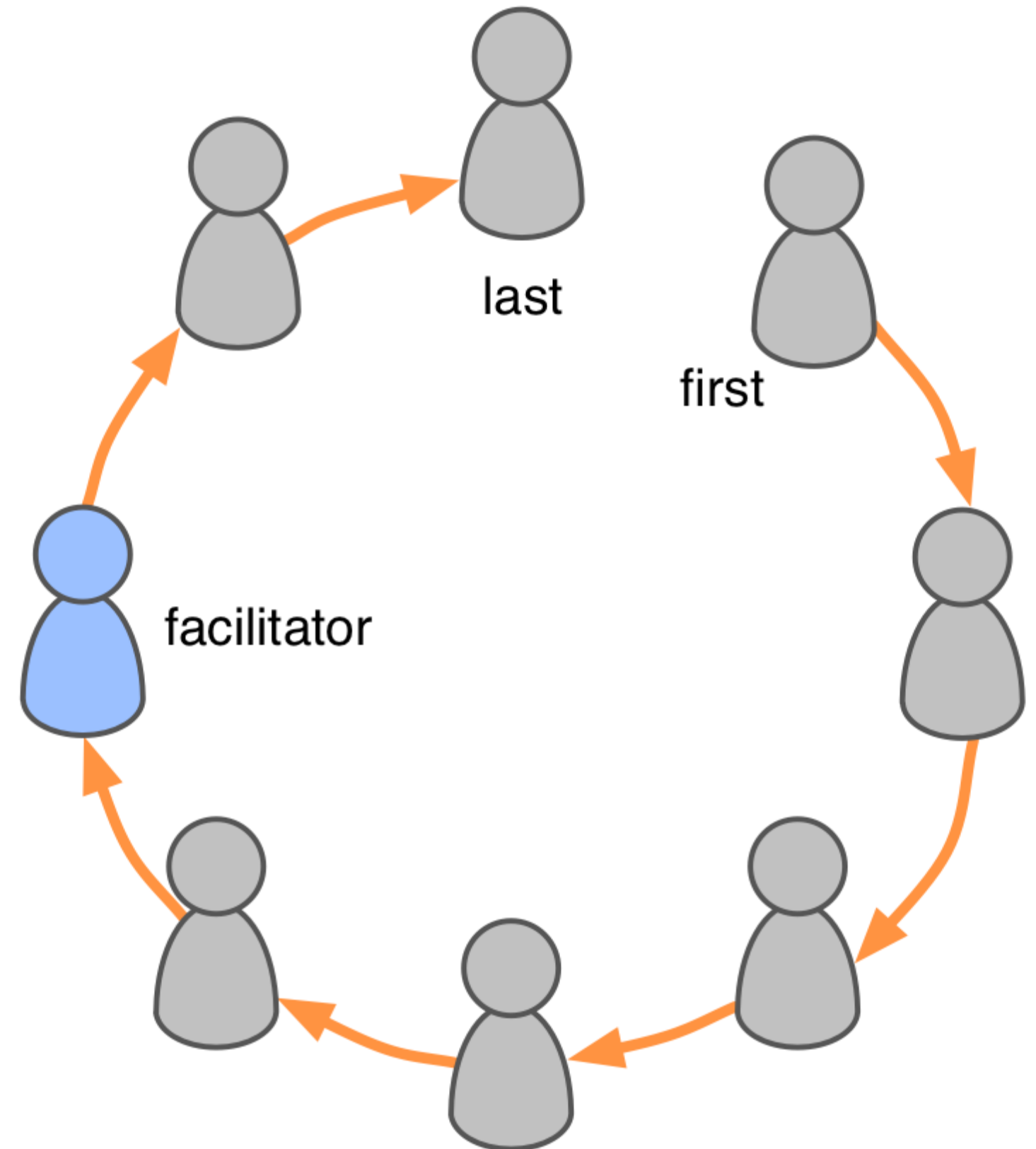




Rounds

A facilitation technique to maintain equivalence

1. Pick a random person to start
2. Everyone speaks in turn



Consent Decision Making

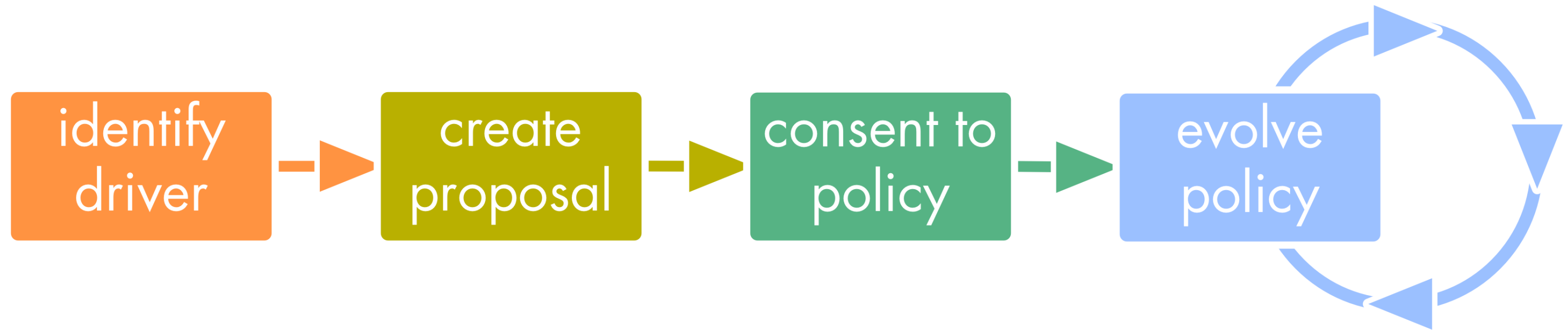


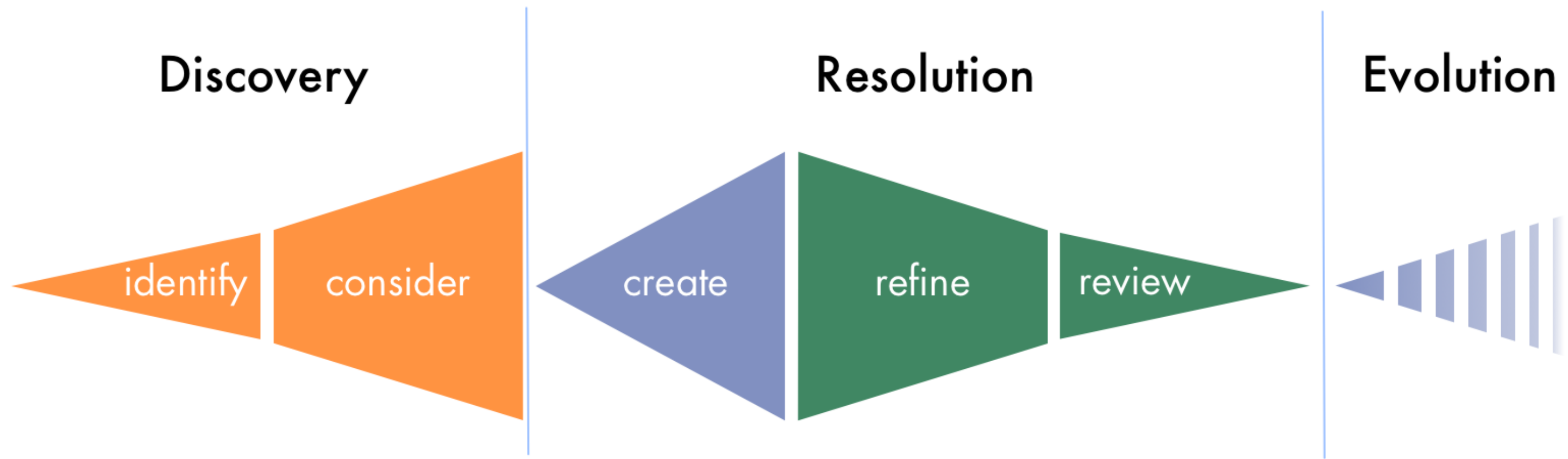
Policy Life-Cycle

Essential Patterns

- policy life-cycle
- proposal forming process
- tensions
- processing tensions to identify drivers
- breaking the rules
- continuous improvement of policy
- governance meetings

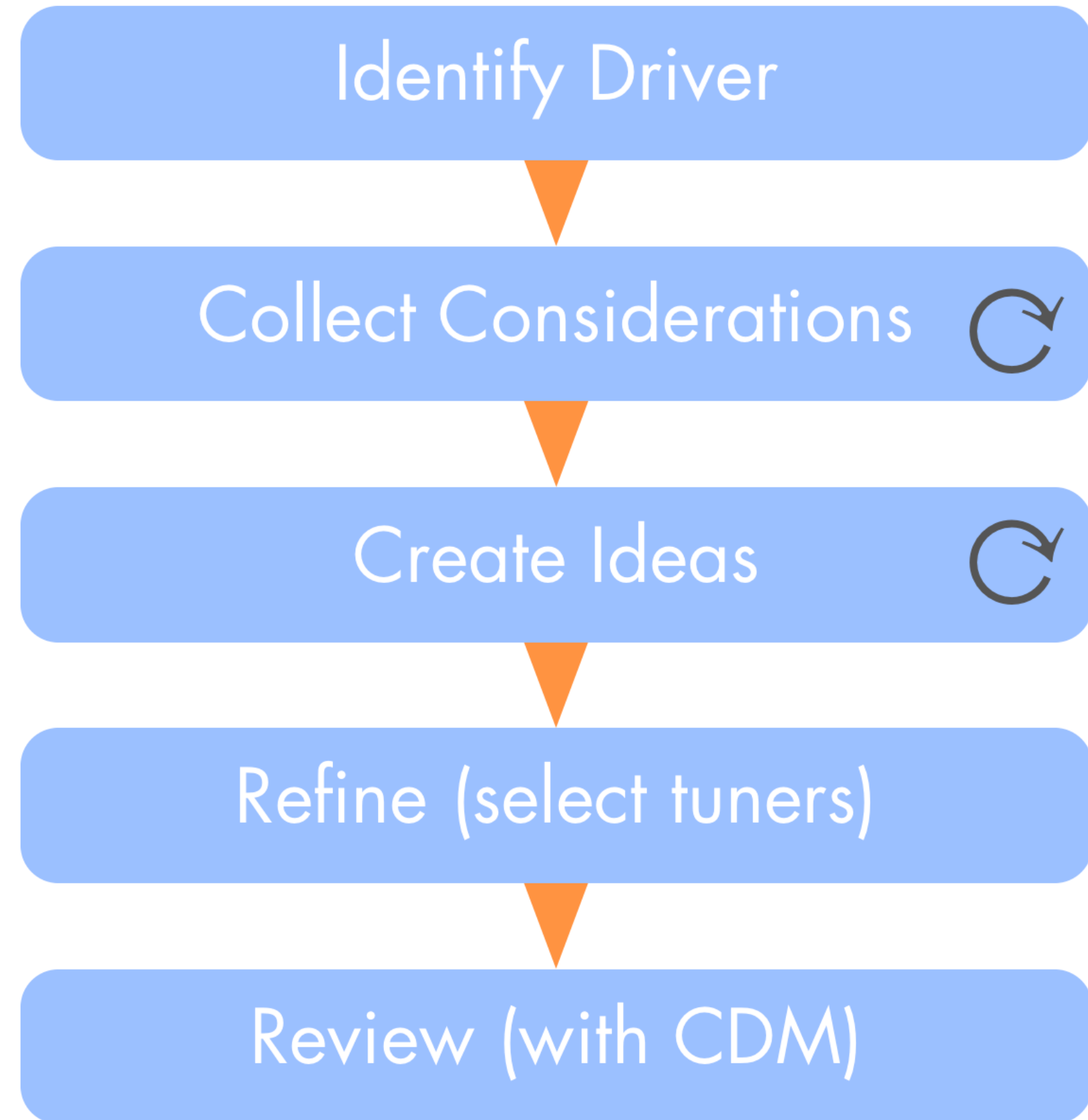
The Life-Cycle of a Policy





Proposal Forming Process

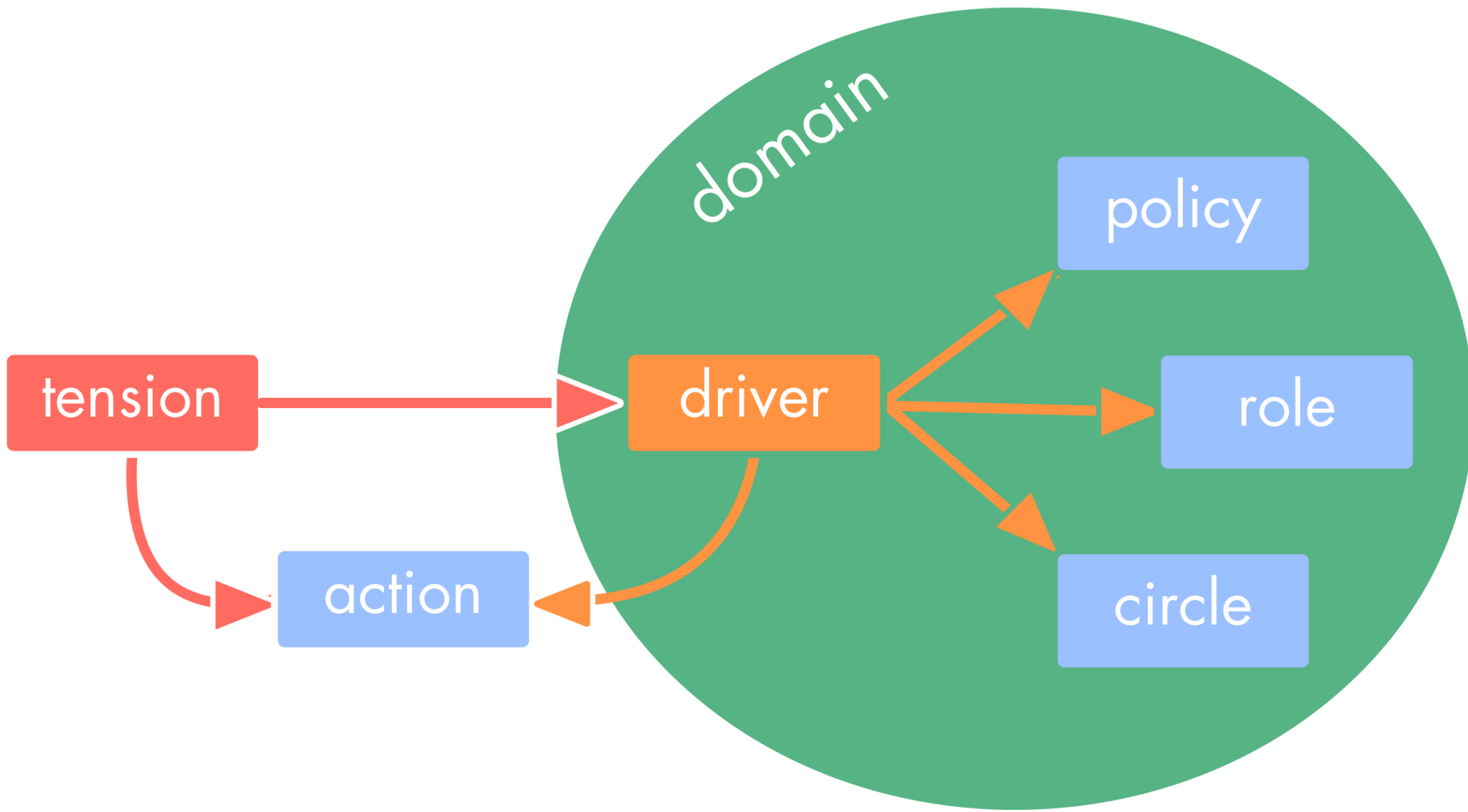
Co-Creating a Response to a Drivers



Tensions

- subjective experience: something is not the way it should be
- misunderstanding or a trigger for improvement

From Tension to Policy



Processing Tensions to Identify Driver

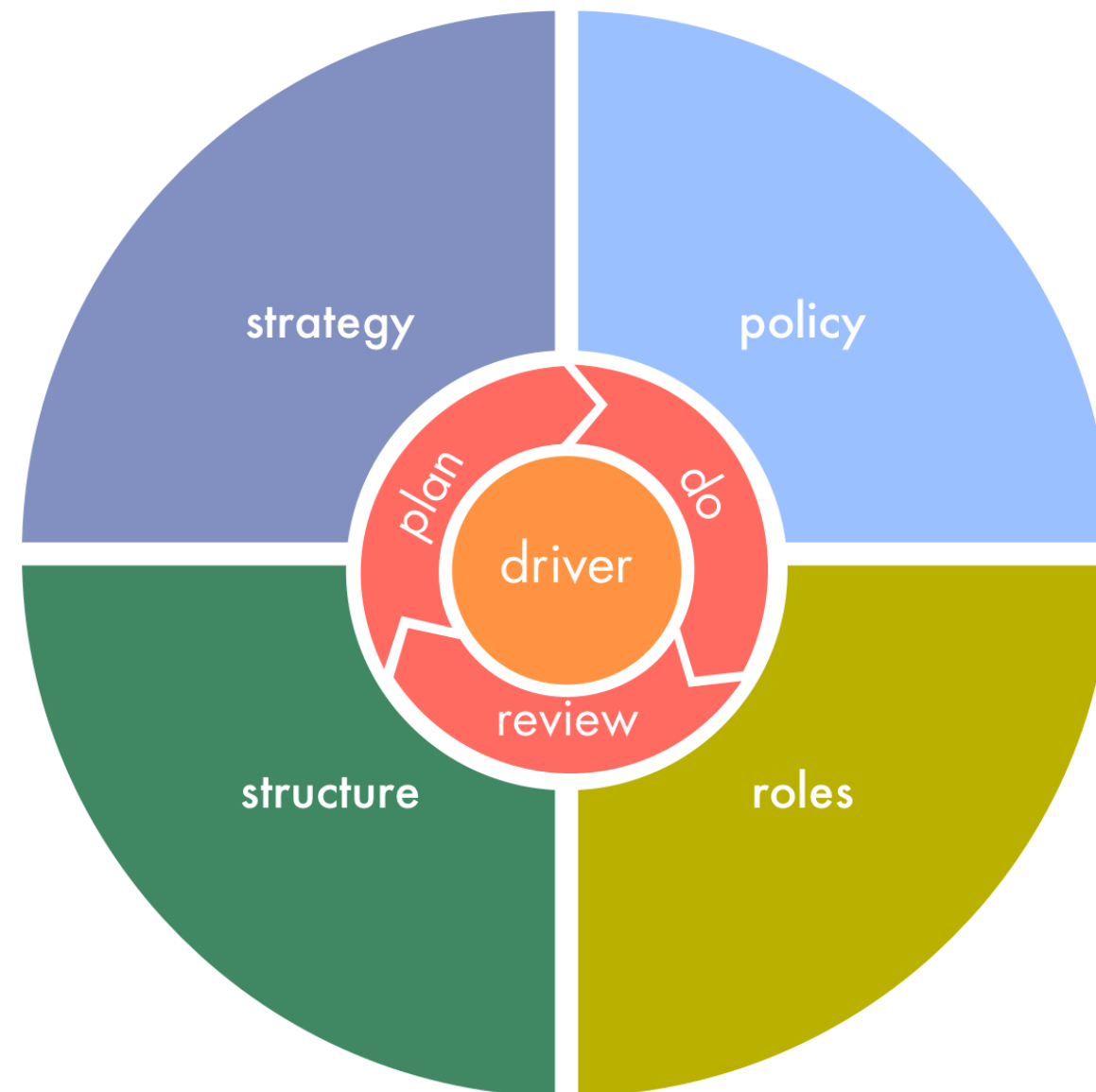
A way to avoid action
bias.



Breaking the Rules

- is sometimes **necessary**...
- ...but may come at a **cost** to the community
- we are accountable:
 - **clean up** disturbances
 - **follow up** ASAP with those affected or accountable
 - **initiate changes** instead of breaking the rules repeatedly

Continuous Improvement



Governance Meetings

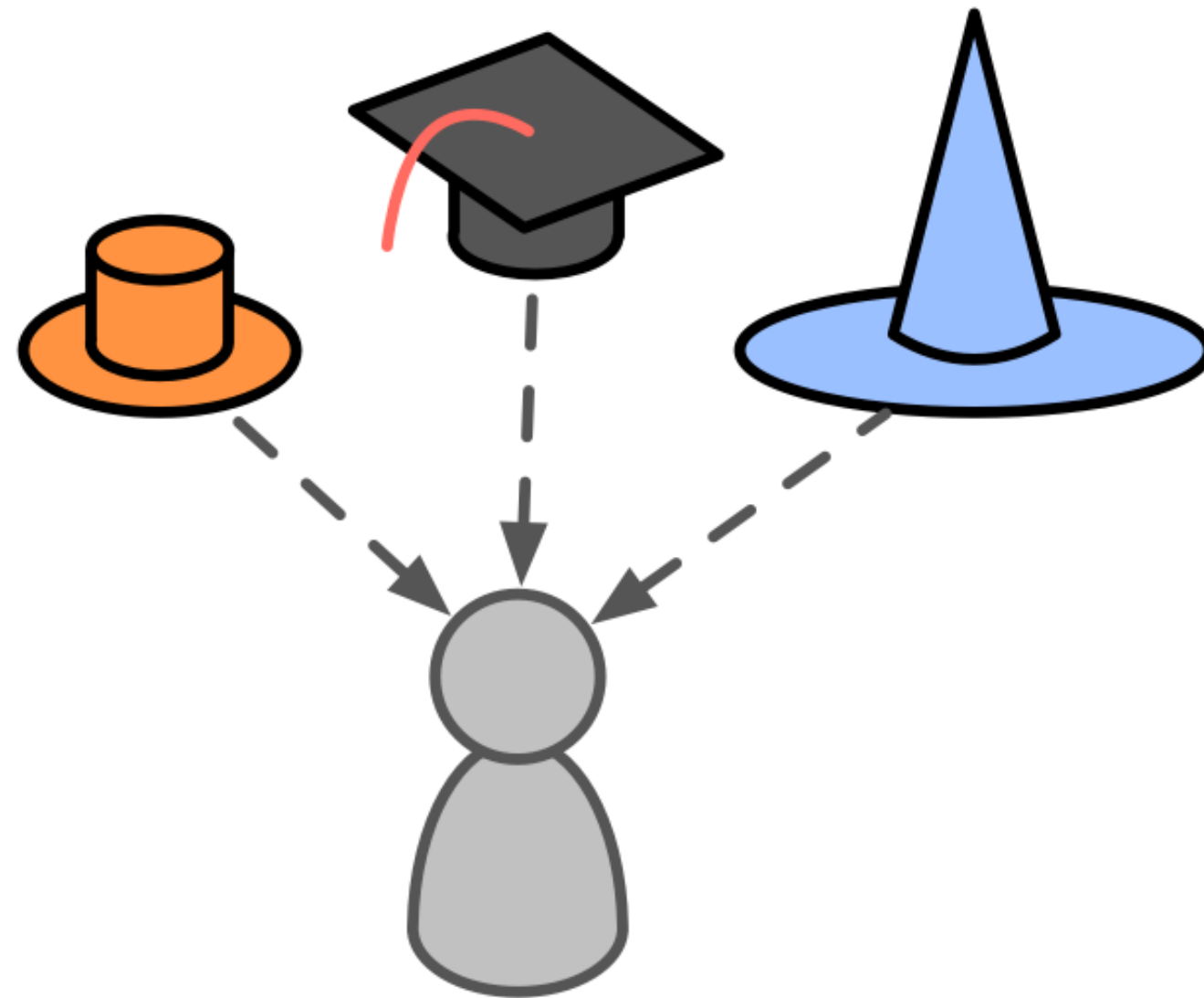
- Agenda Items
 - Short Reports
 - Processing Tensions
 - Proposal Forming and Consent to Proposals
 - Review of Policies, Strategy and Driver
 - Defining Roles and Selecting People for Roles
 - Consent to Role Improvement Plans

People and Roles

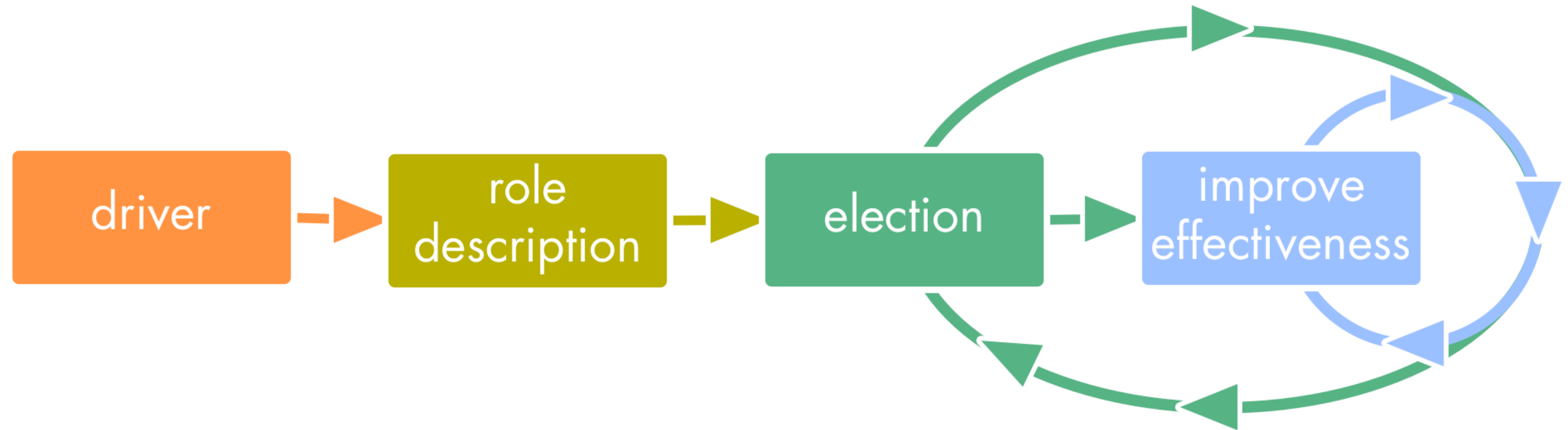
Essential Patterns

- role life-cycle
- election by consent
- peer-driven performance improvement process
- effectiveness review
- improvement plan

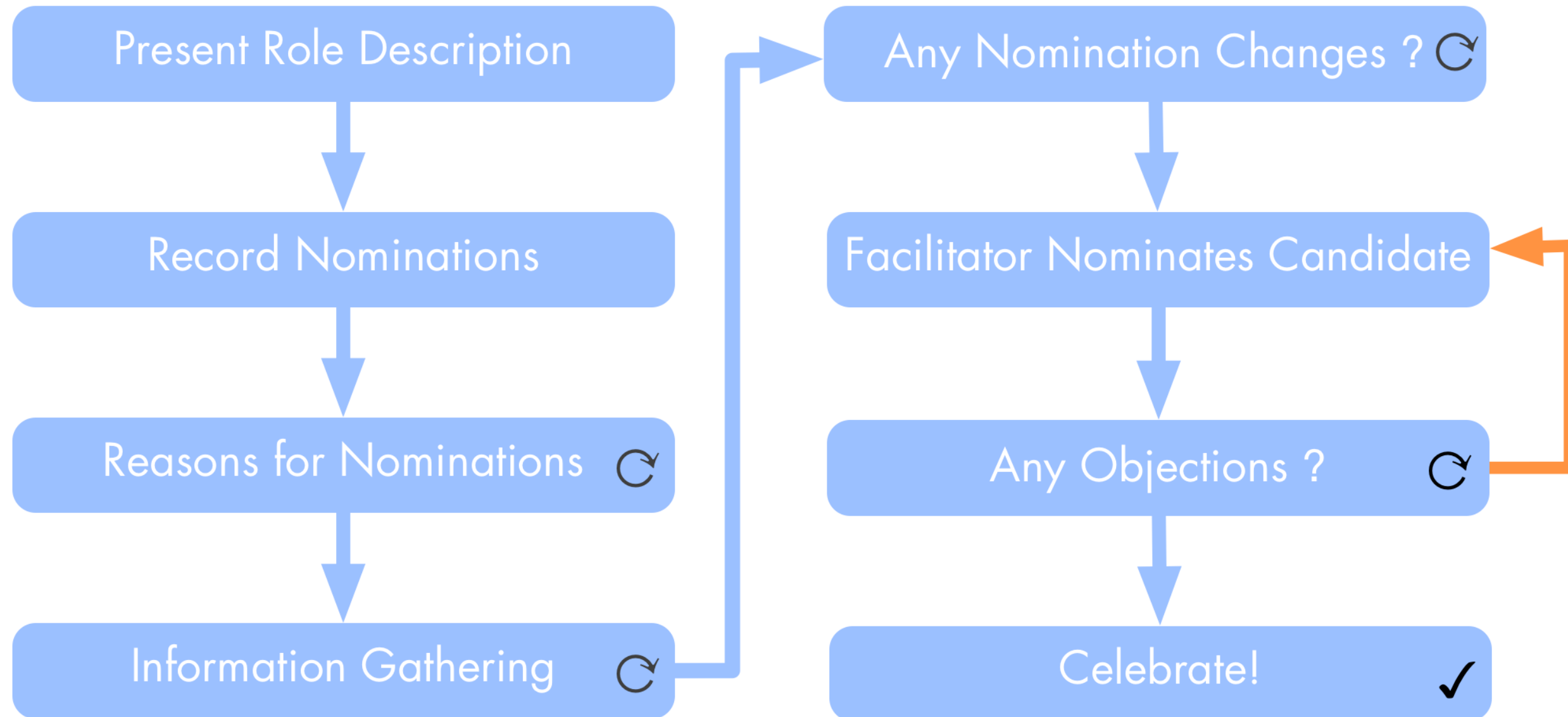
People and Roles



Role Definition and Improvement

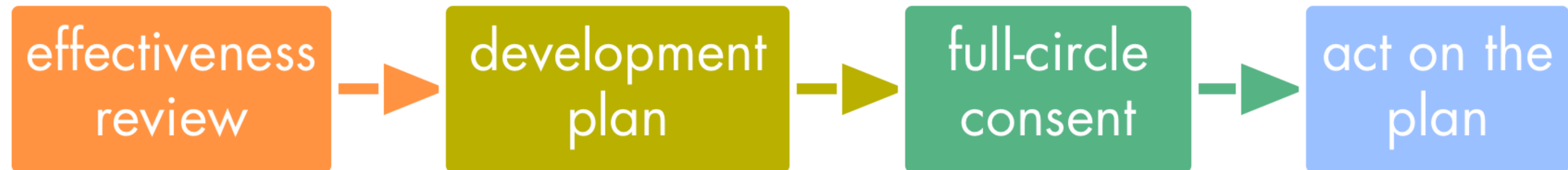


Election by Consent



Performance Improvement Process

Continuous improvement of the effectiveness of people
in roles



Effectiveness Review

Get help from your
peers to improve your
performance.



Evolving Organizations

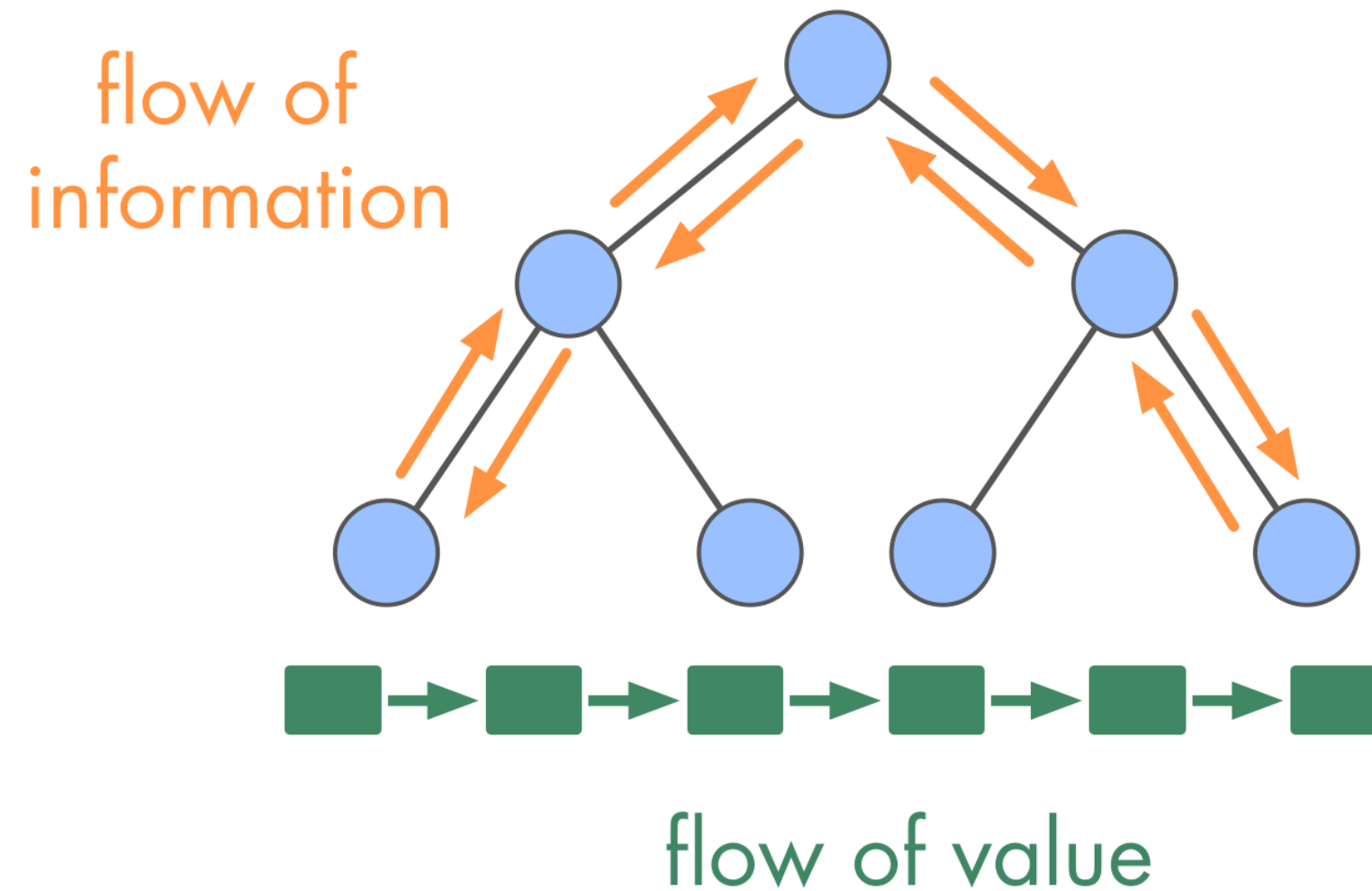
Essential Patterns

- evolve through a pull-system for patterns
- value and waste
- flow of value, flow of information
- use Kanban to optimize flow of value
- scale Kanban throughout the entire organization
- amplify learning through feedback loops

Drivers for Evolution

- become more effective as an organization
- transition to Sociocracy 3.0
- ongoing adaptation to changing environments

Flow of Value / Flow of Information

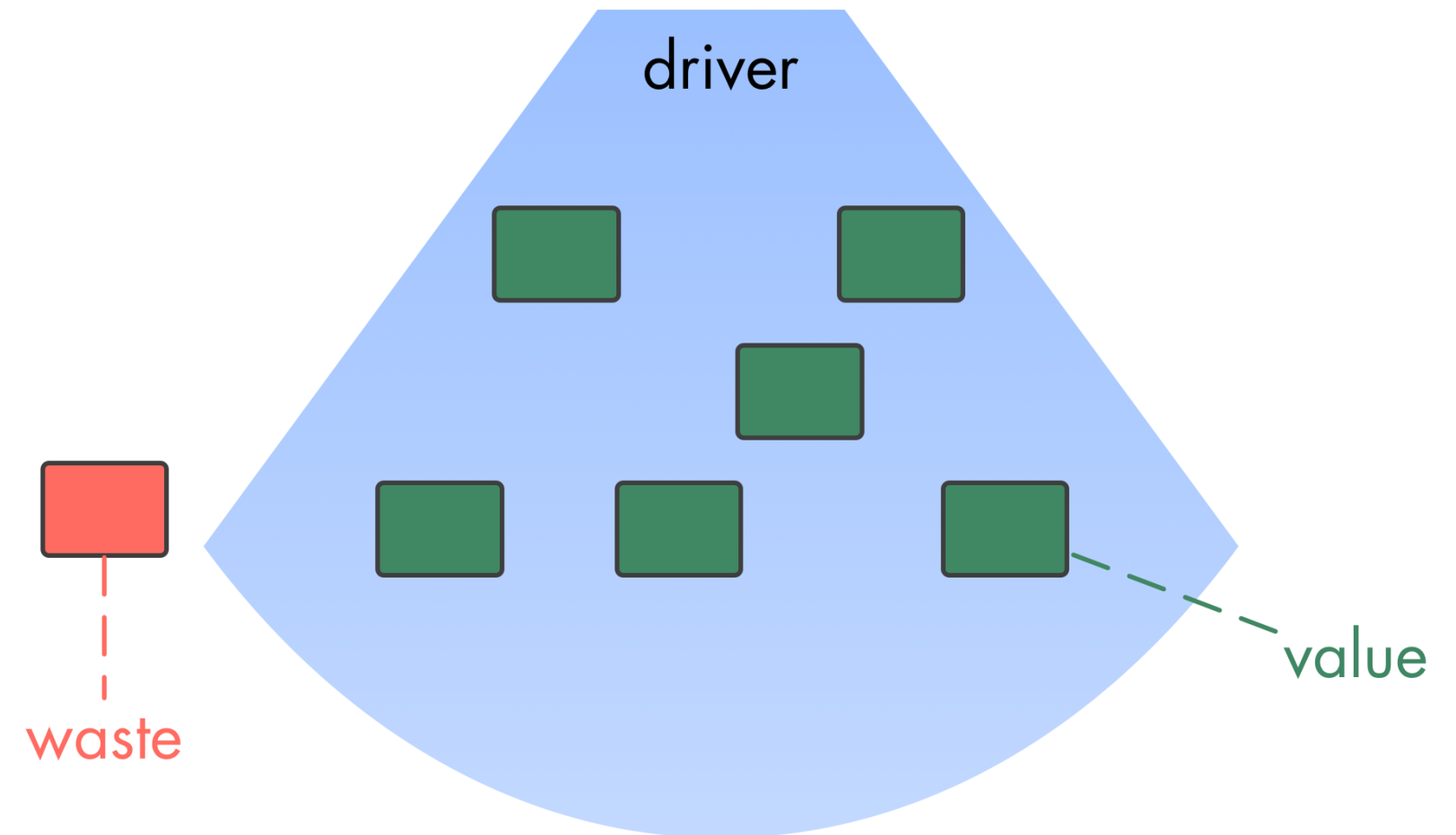


Create a Pull-System for Evolution

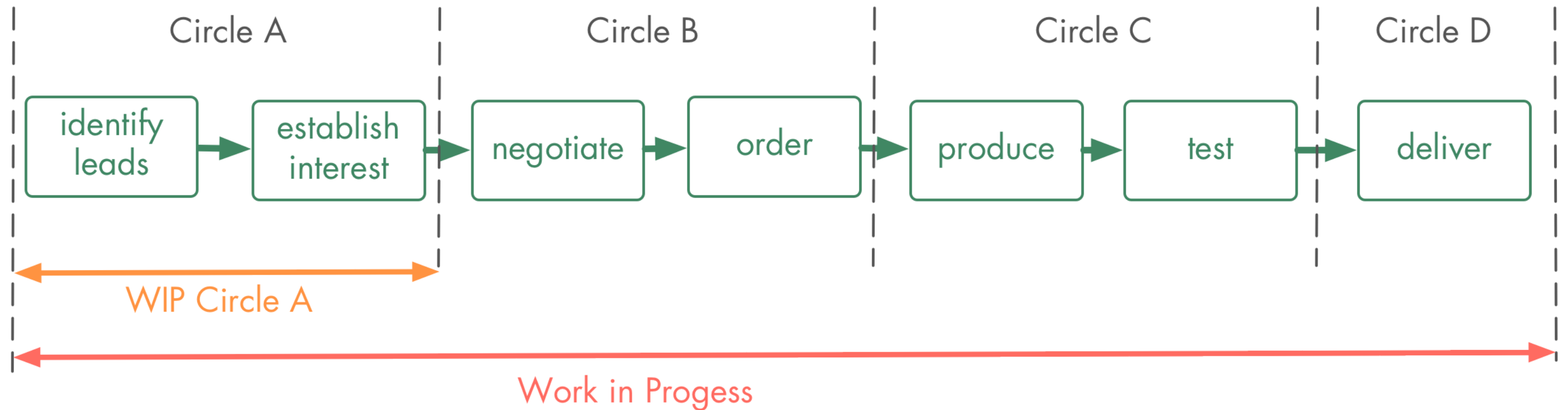
- don't break what is already working
 - avoid revolution, reorganization, transformation
- focus on optimization of the flow of value
- let the people pull in Sociocracy 3.0 patterns as required

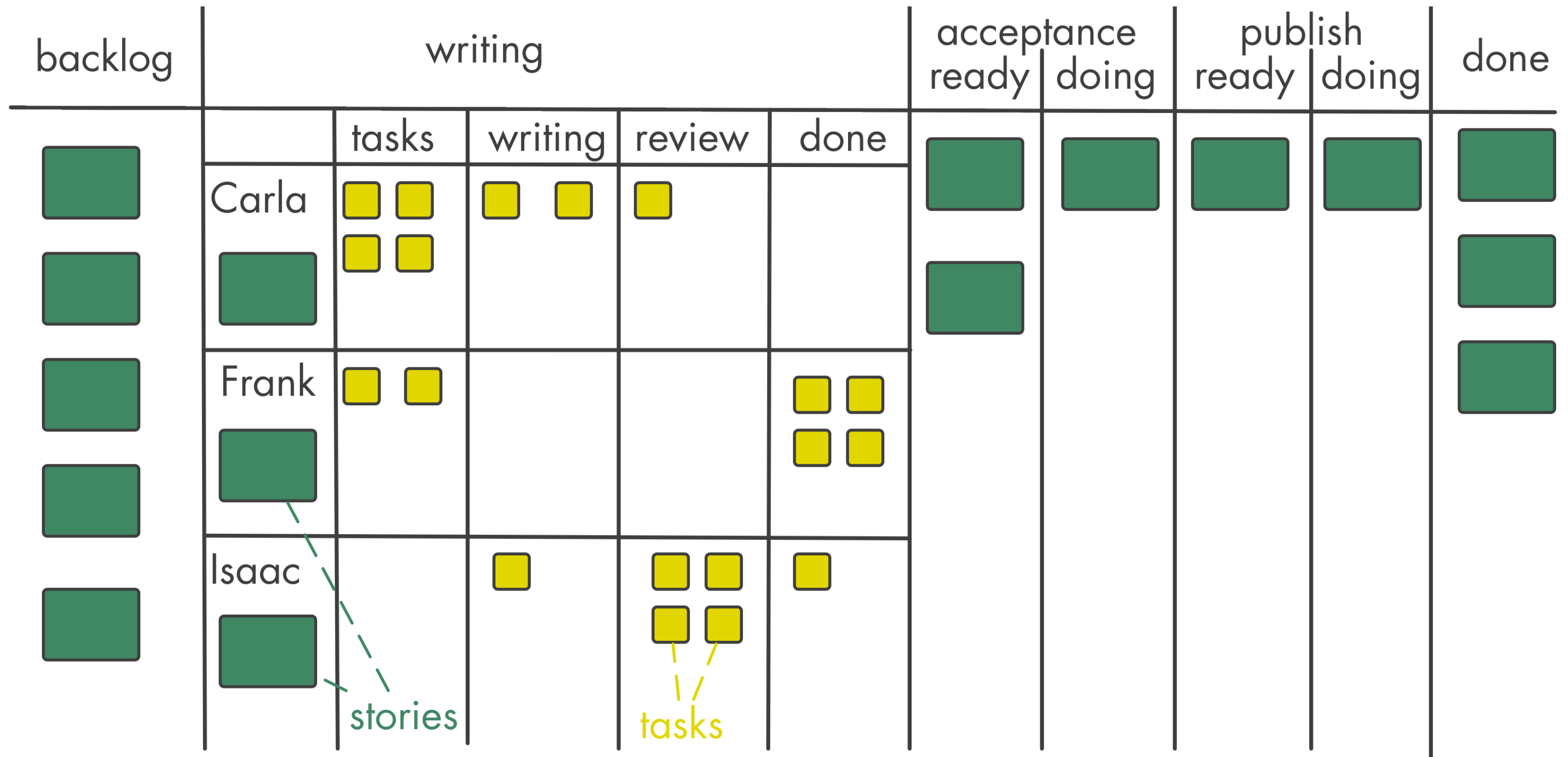
Eliminate Waste

- value is defined in relation to driver
- waste is everything that does not add value
- use lean tools to eliminate waste (e.g. Kanban)



Flow of Value (end-to-end)





The Kanban Method

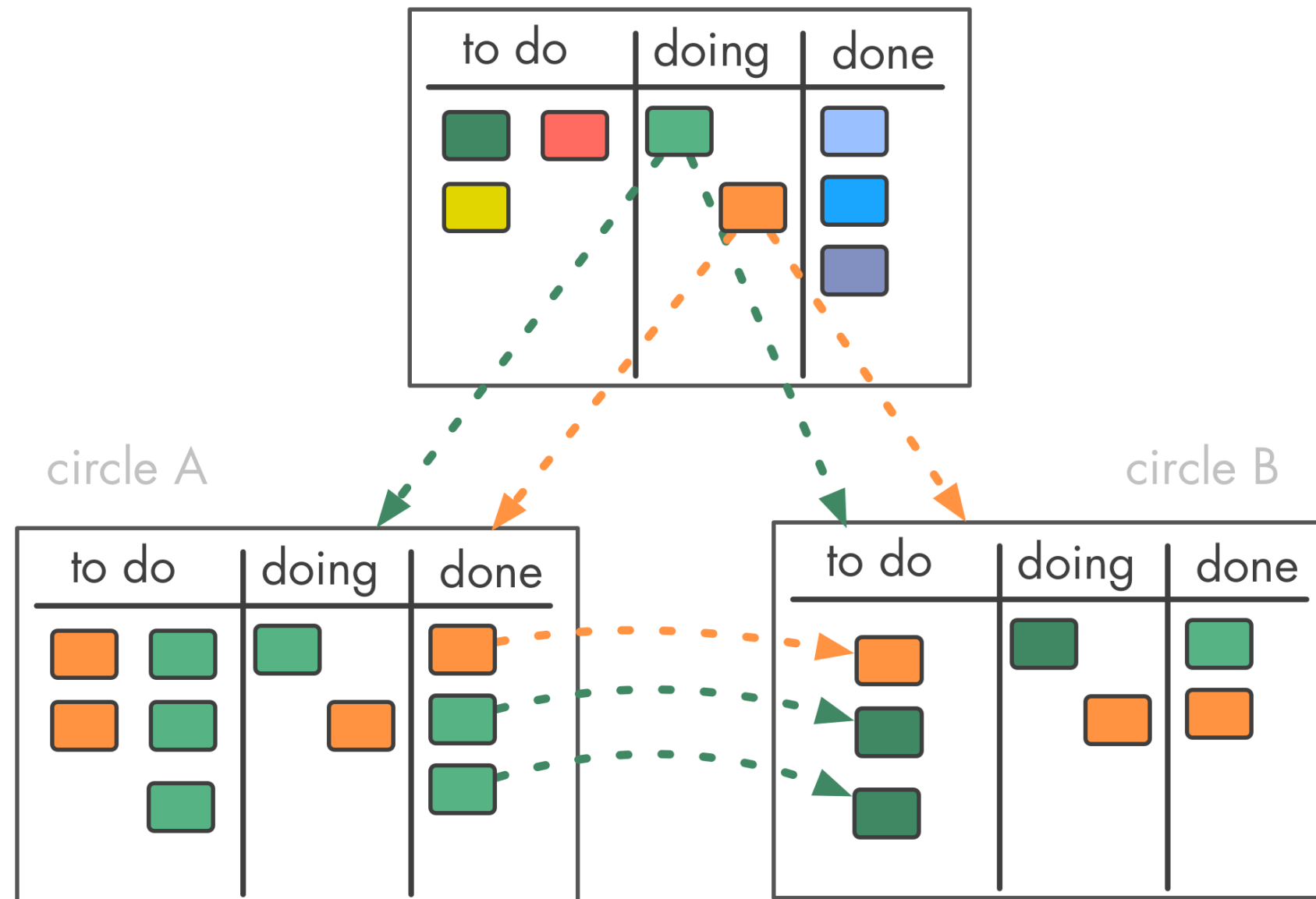
Usually Kanban is implemented in 5 steps:

1. visualize workflow
2. limit work in progress (WIP)
3. measure and manage flow
4. make process Policies explicit
5. collaborate on continuous improvement

How to Start

- start with one circle
- consent to using consent (and consent decision making) for creating and changing policy
- consent to using the Kanban Method
- visualize workflow

Scaling Kanban



Amplify Learning

A circle translates learning about work into policy change to optimize flow of value.

- Daily Standup Meeting
- Improvement Meetings
- Retrospectives
- Governance Meetings

Organizational Structure

Essential Patterns

- create structure to support effective collaboration
- link circles through elected delegates
- patterns for different levels of abstraction

Organizational Structure

support effective collaboration in service of drivers

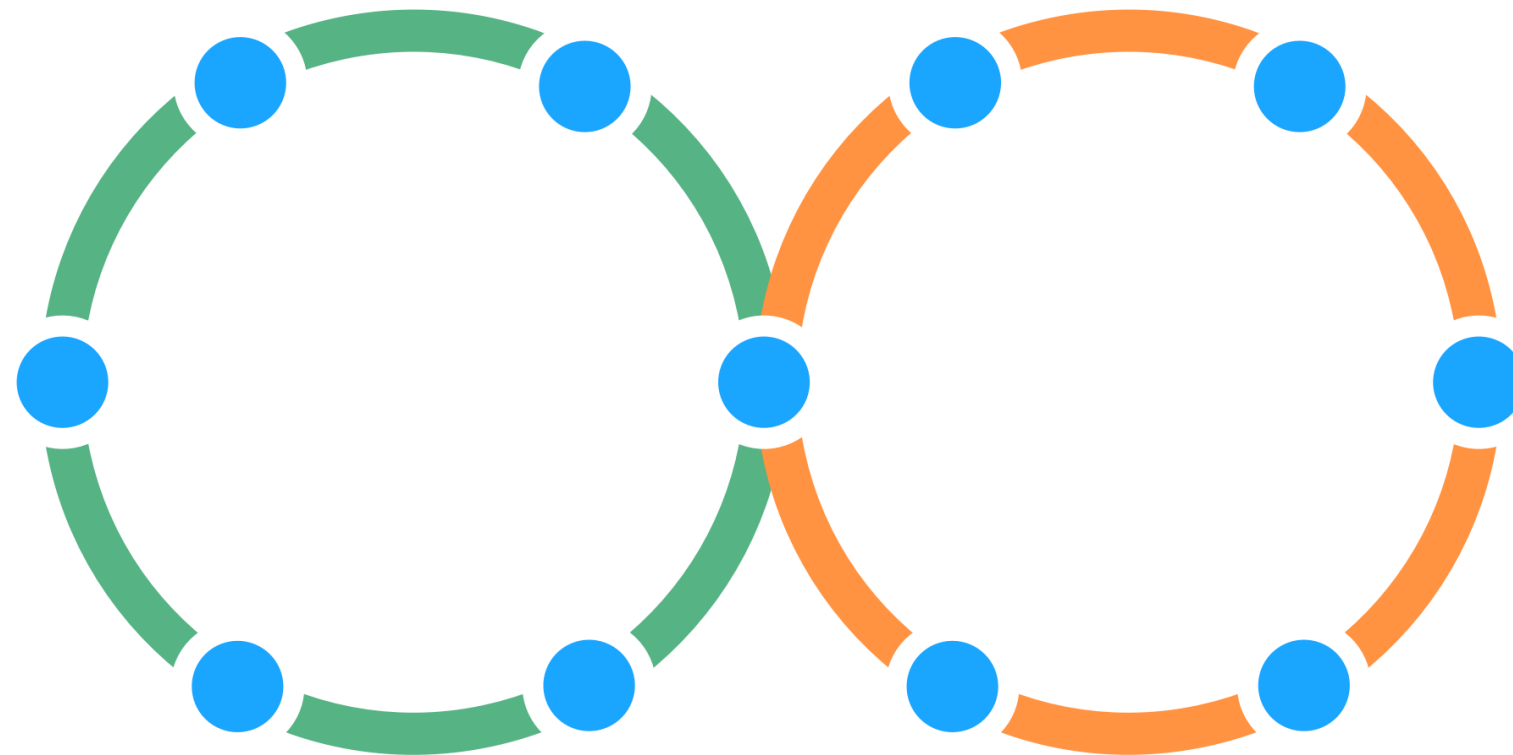
- **continuous adaptation**
- built from **circles**:
 - semi-autonomous, self-organizing and self-governing units

Basic Patterns

Connecting two circles

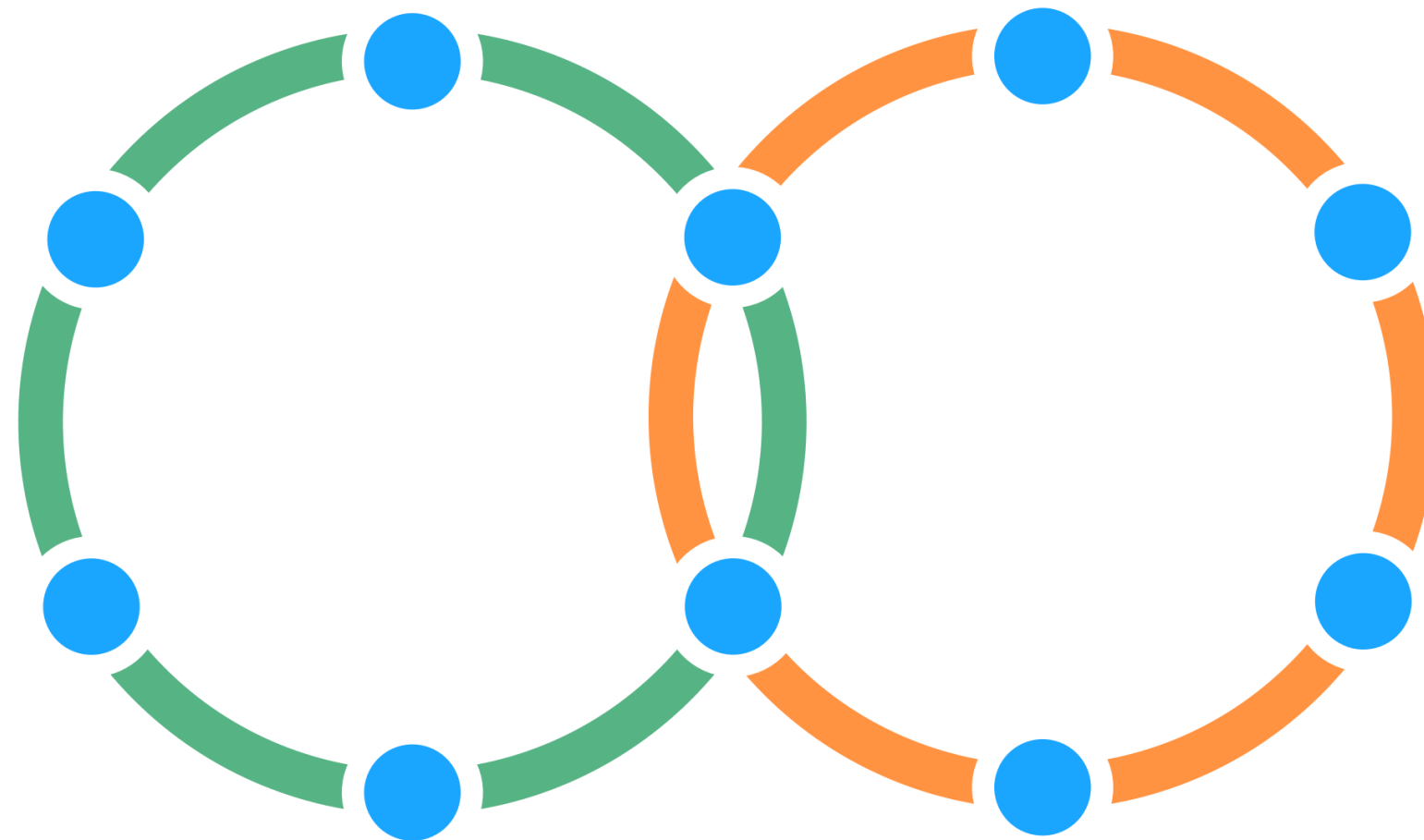
Representatives (a.k.a Links)...

...stand for the interests of one circle in another circle



Double Linking

Facilitate two-way flow of information and influence

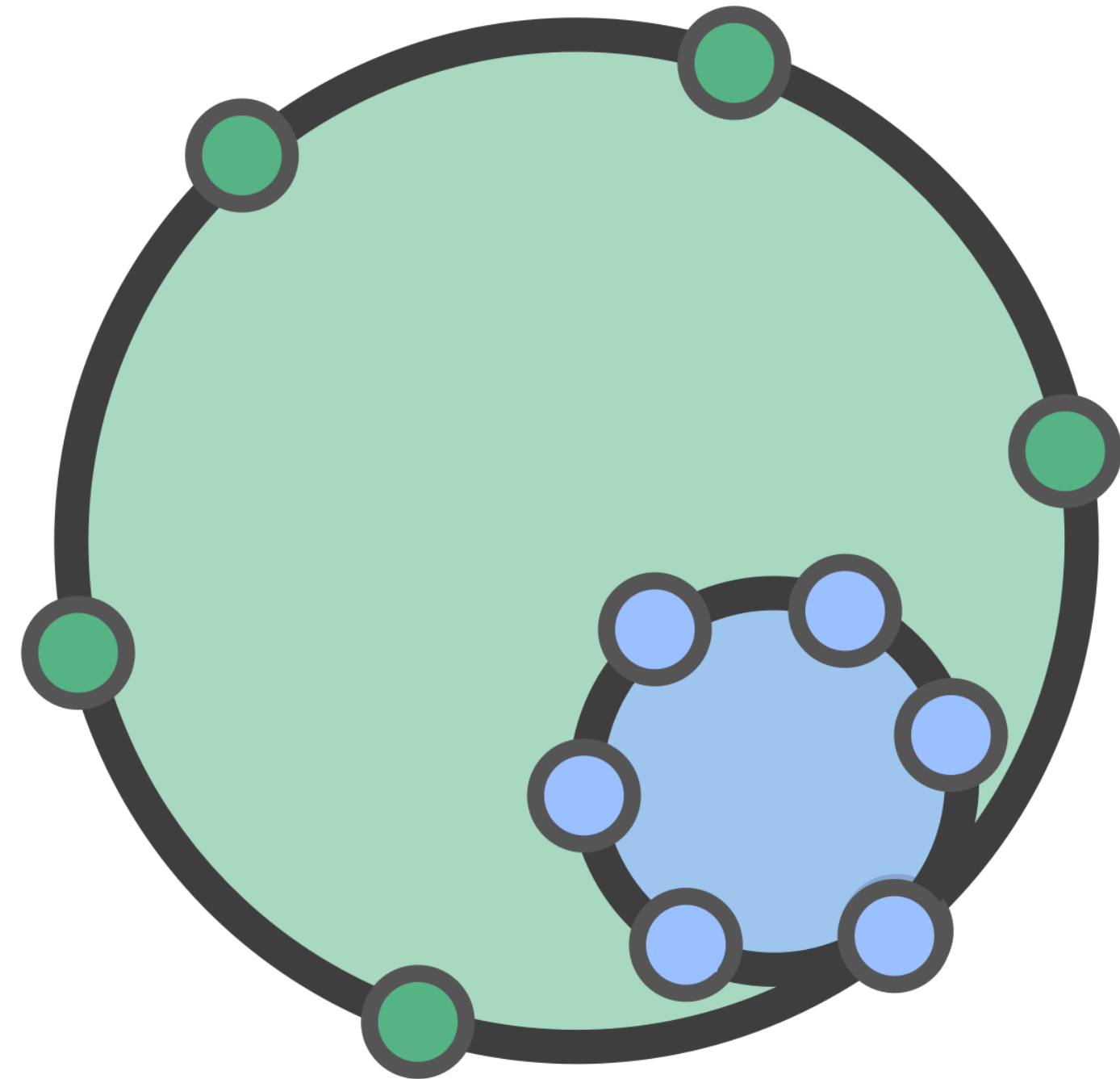


Micro Structures

Connecting circles for greater effectiveness

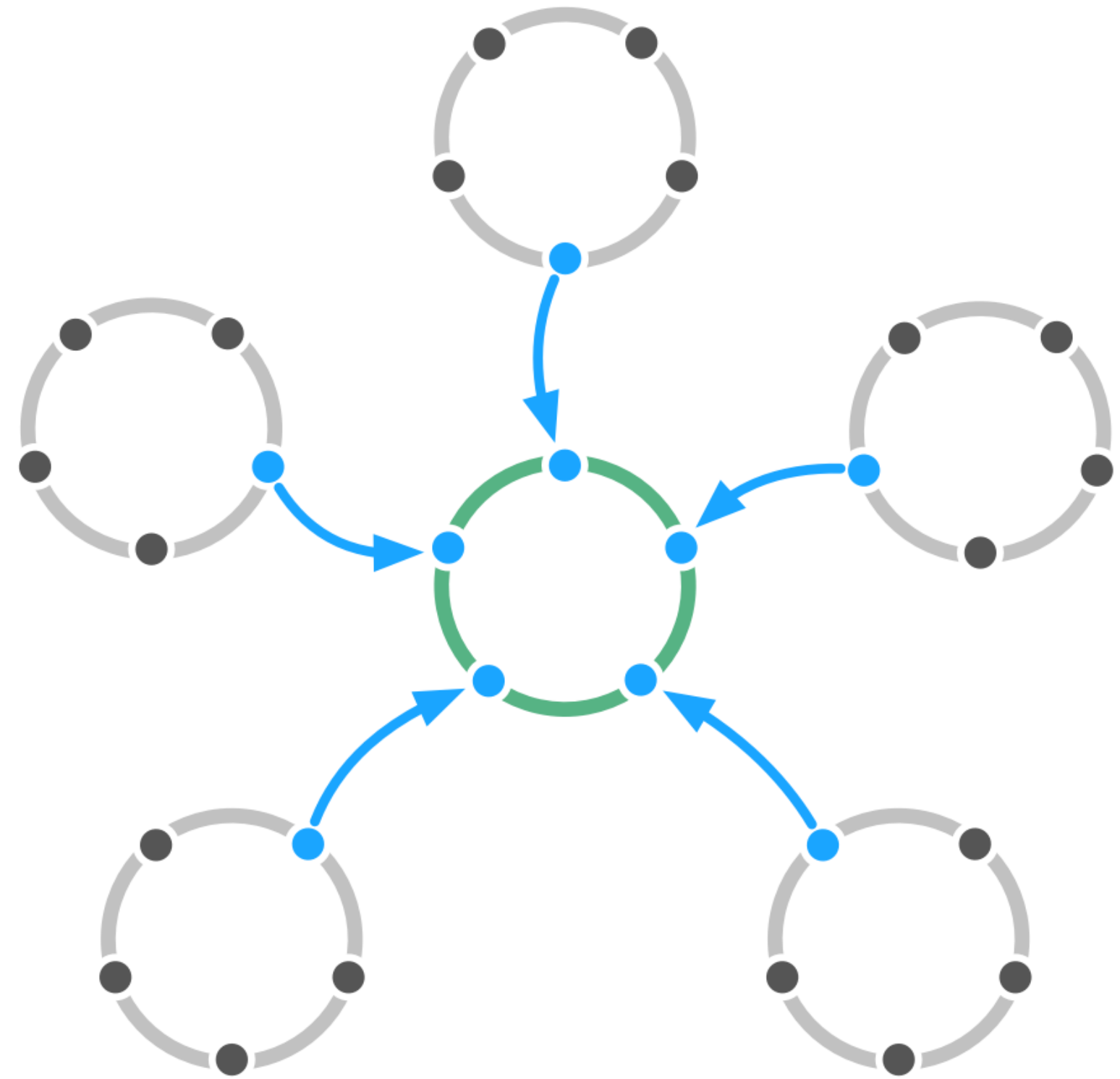
Nested Circle

A pattern for expanding functions



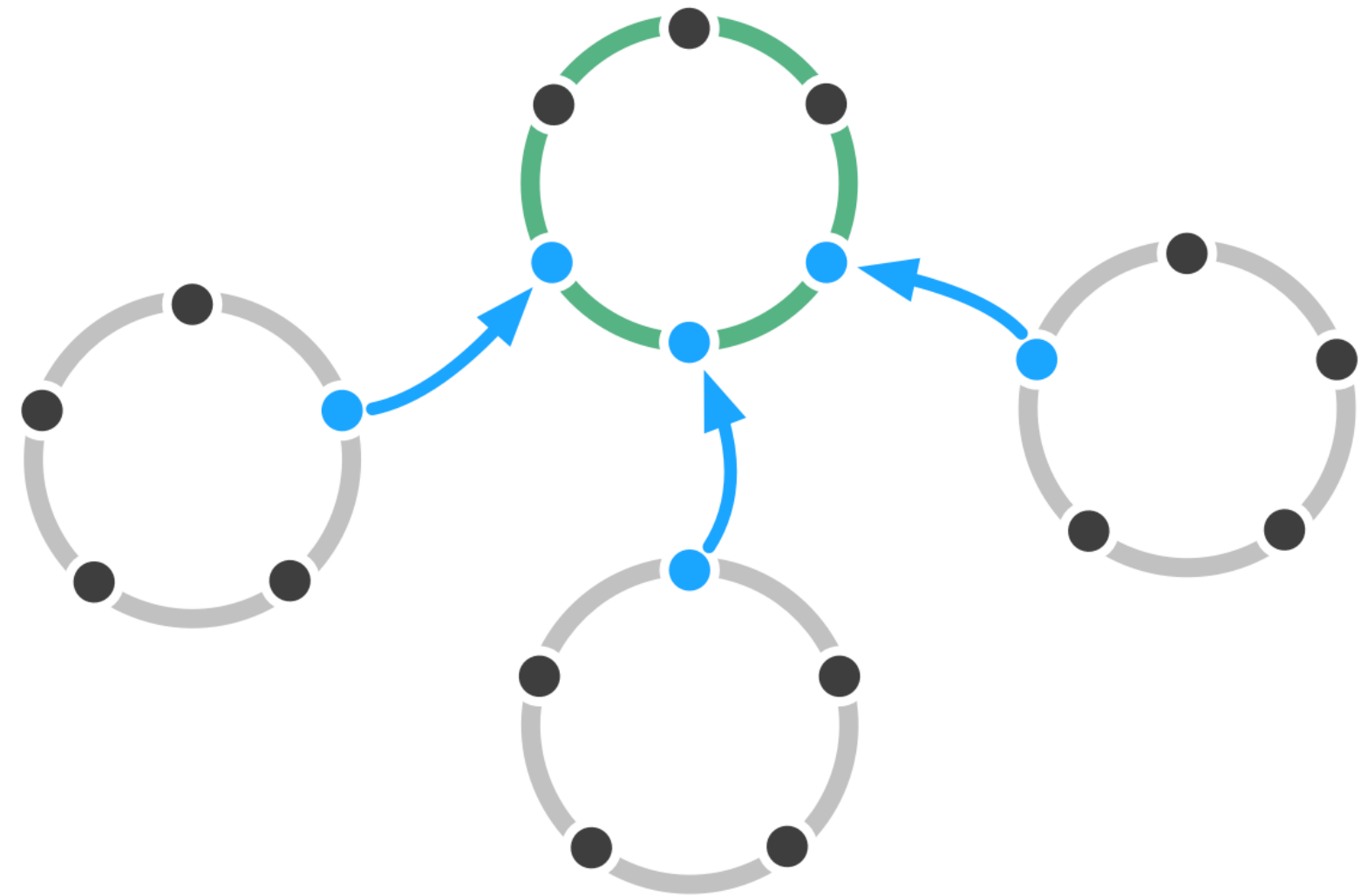
Delegate Circle

A pattern for
coordination



Service Circle

A pattern for
outsourcing shared
services



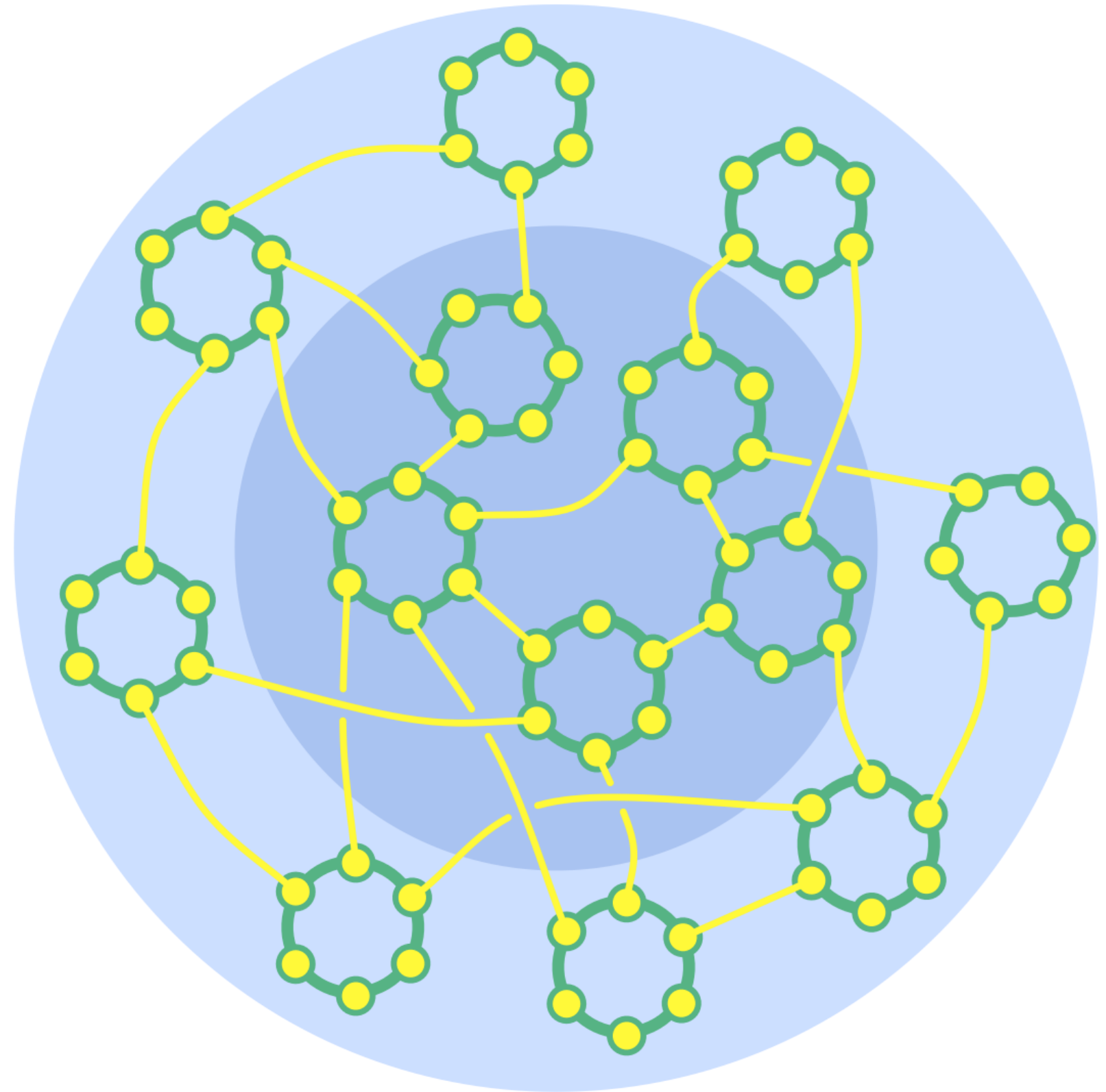
Macro Structures

Patterns for organizations

Macro structures provide a general strategy for the layout of an organization.

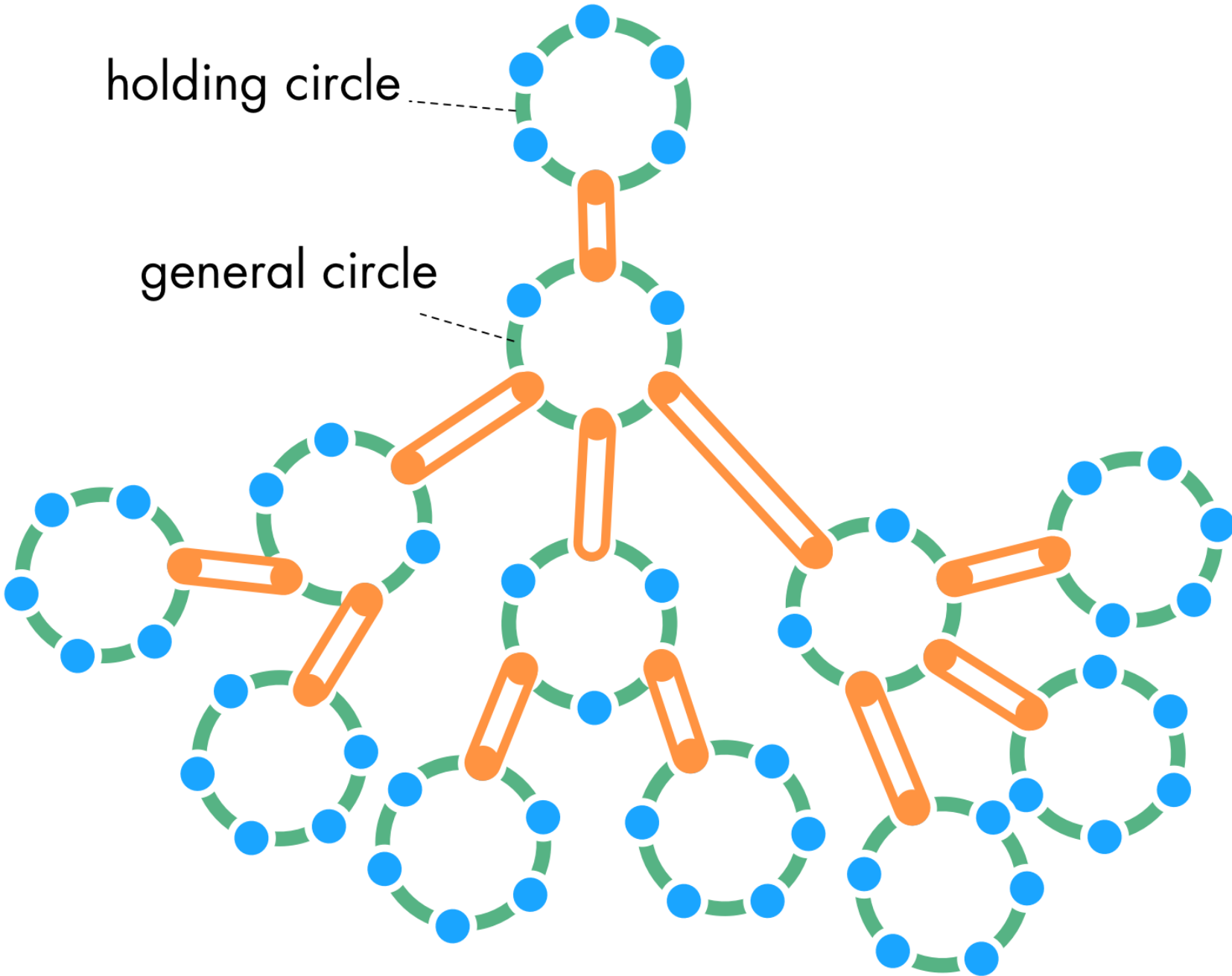
Peach Organization

Periphery drives the organization, the center provides services



Double-Linked Hierarchy

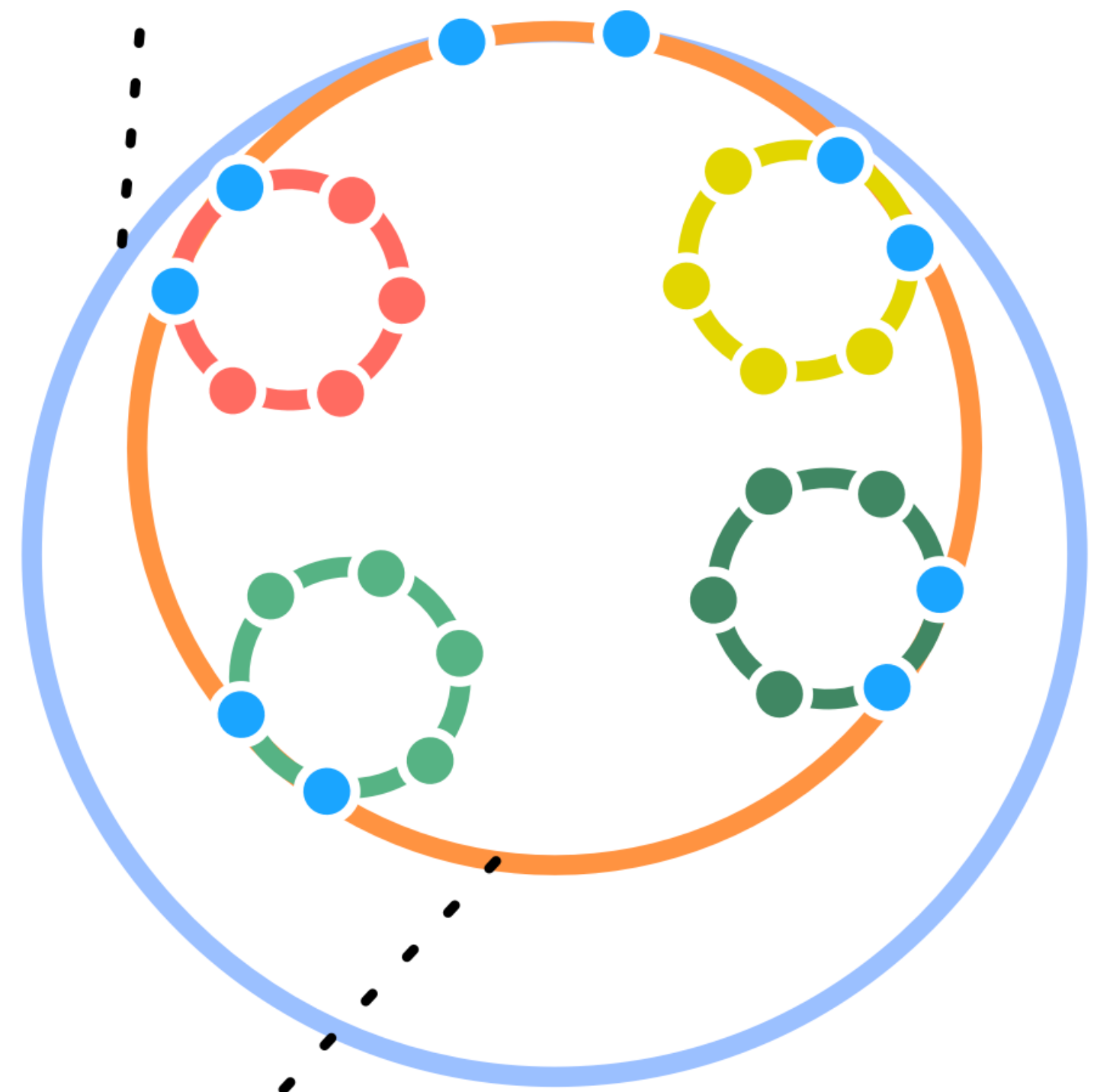
A pattern for the early phase of a transformation



Holding Circle and General Circle

Separating stewardship of an organizations values, driver and strategy from coordination of operations

holding circle



general circle

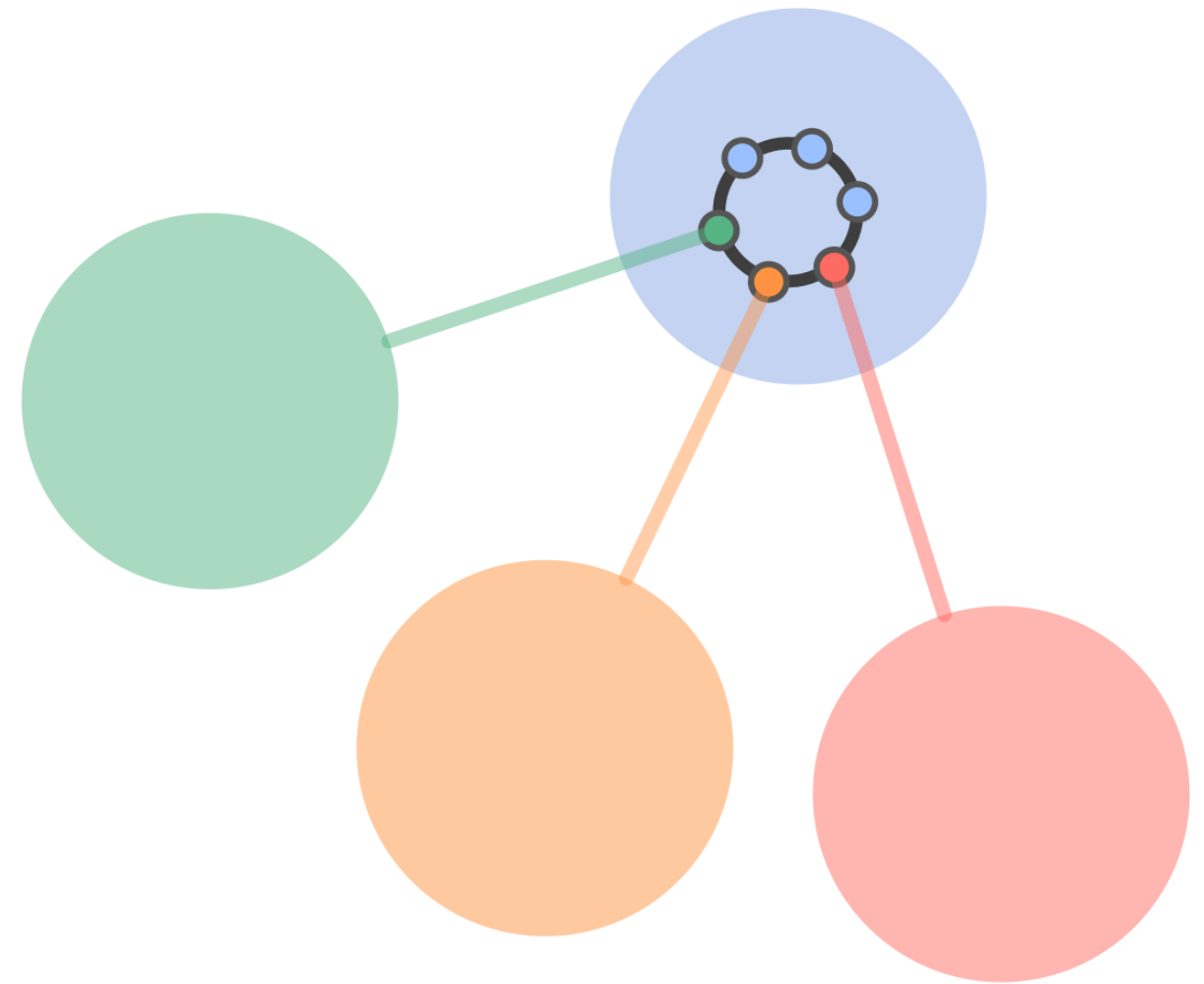
Meta-Structures

Patterns for multi-stakeholder environments

No organization is an island

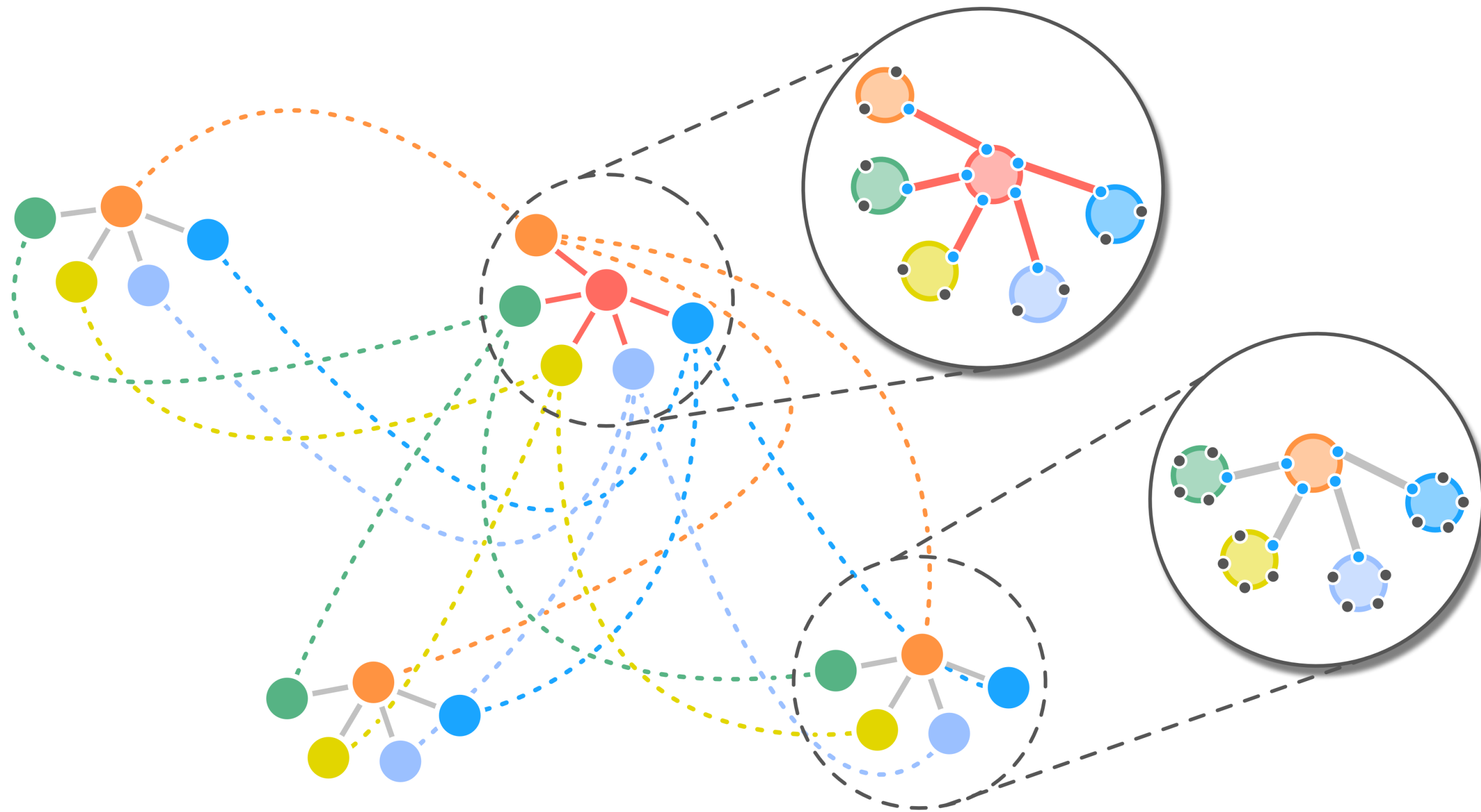
Backbone Organization

A pattern for multi-stakeholder projects or services

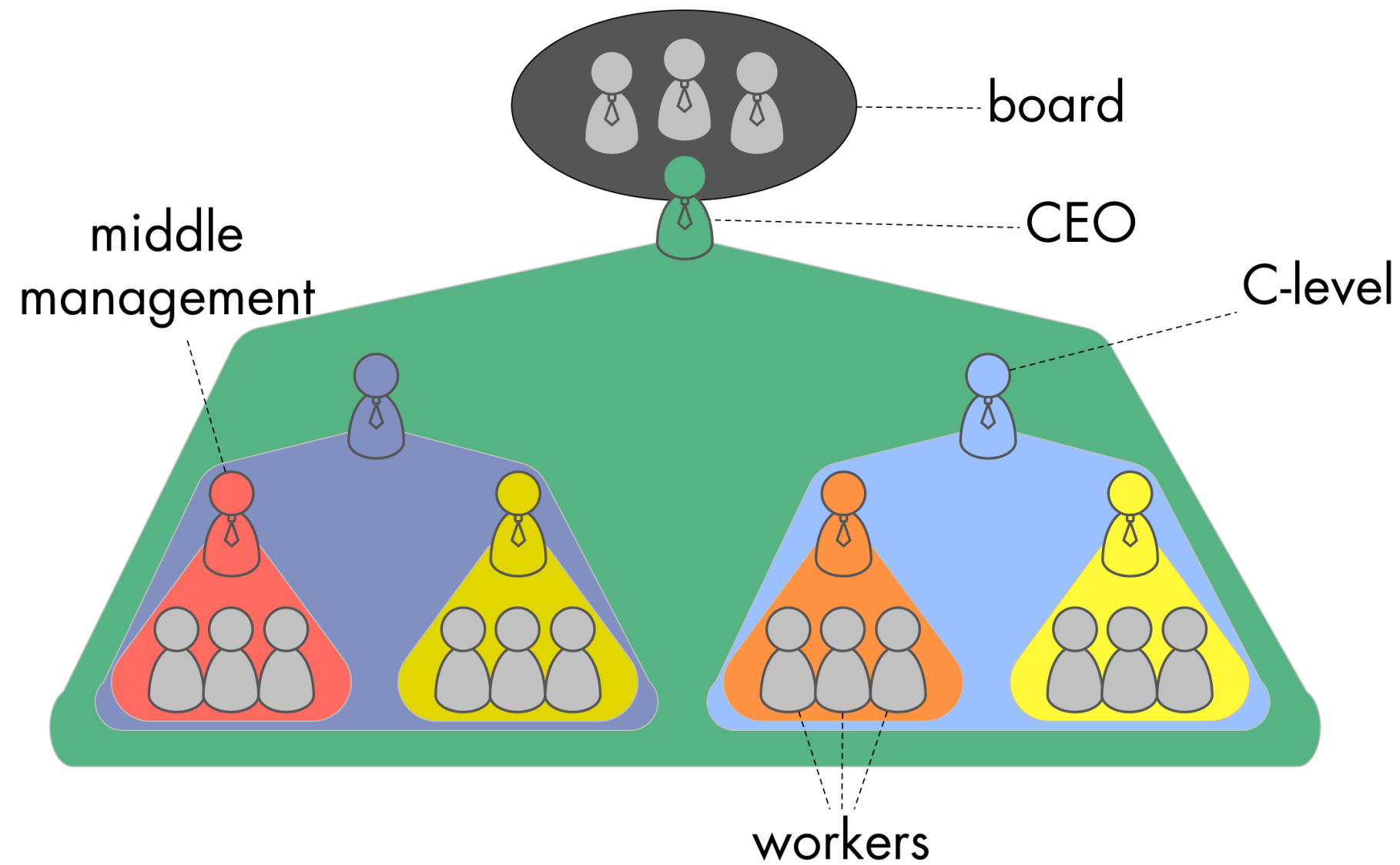


Fractal Organization

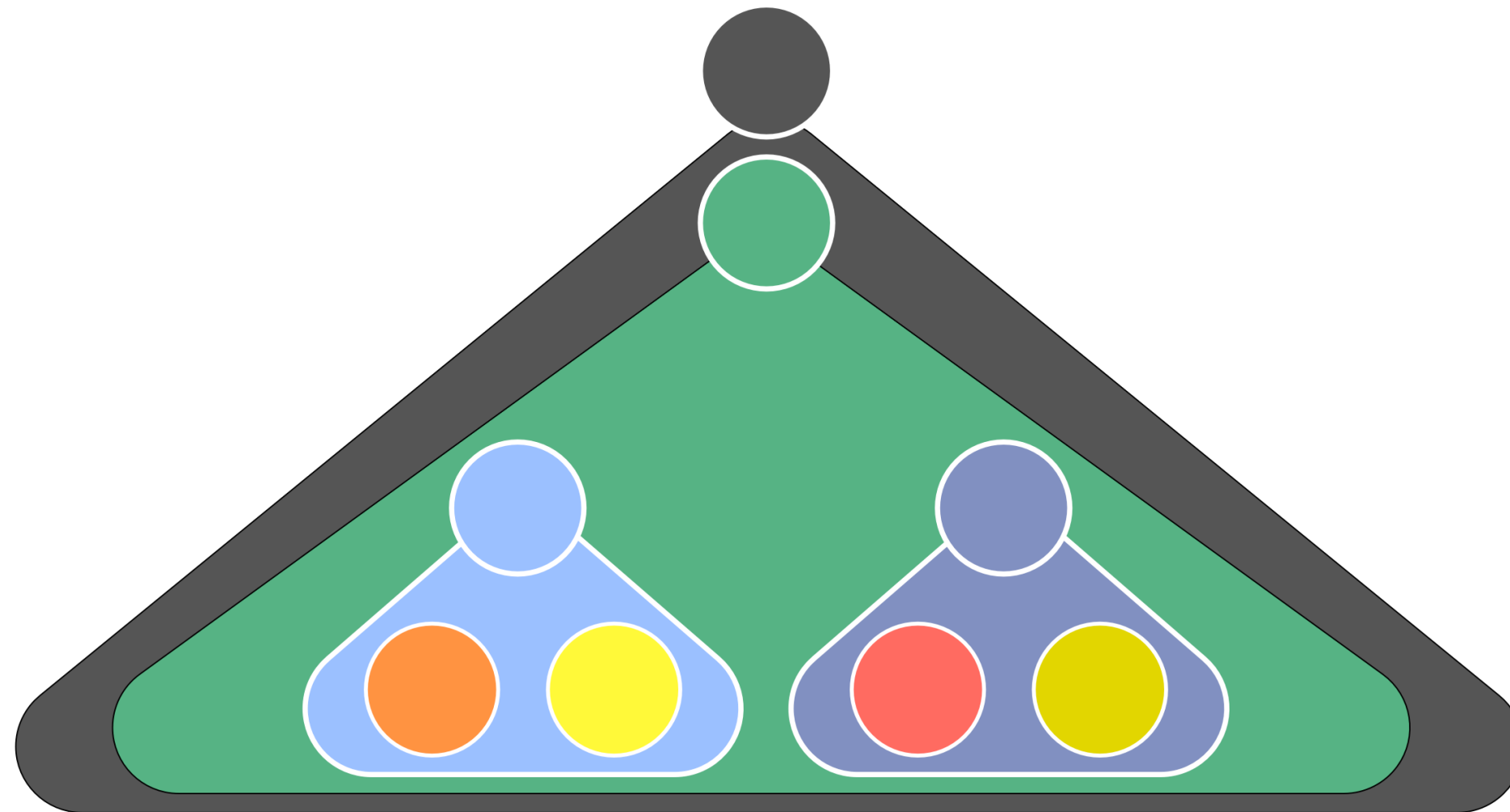
A Pattern for learning, coordination and alignment across organizational boundaries



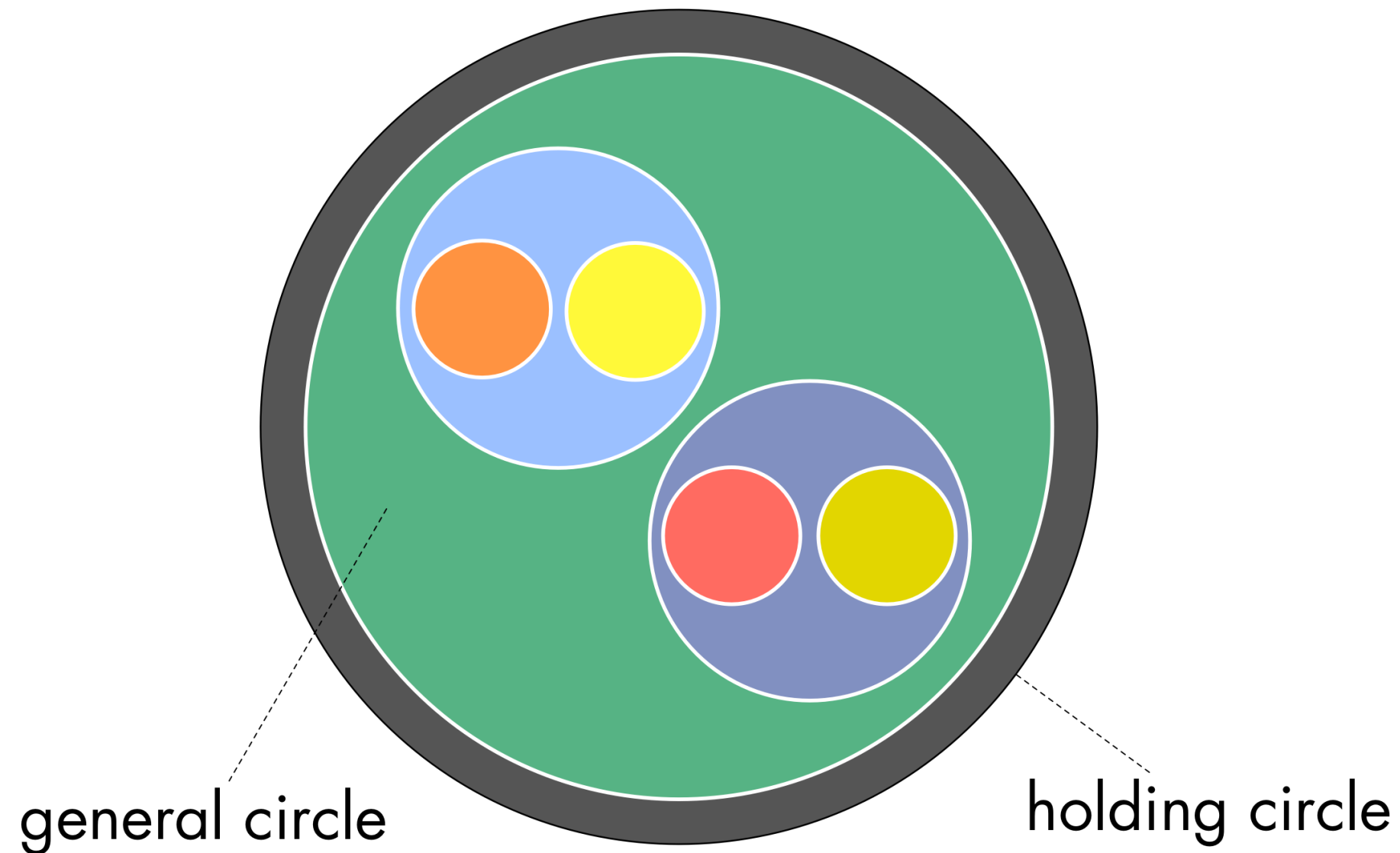
From Autocracy to Nested Domains of Circles



From Autocracy to Nested Domains of Circles



From Autocracy to Nested Domains of Circles



Organizations and Values

Essential Patterns

- organizational values
- treat Sociocracy 3.0 principles as values
- treat values as policy
- constitution
- logbook
- entering and leaving an organization
- compensation and dividends

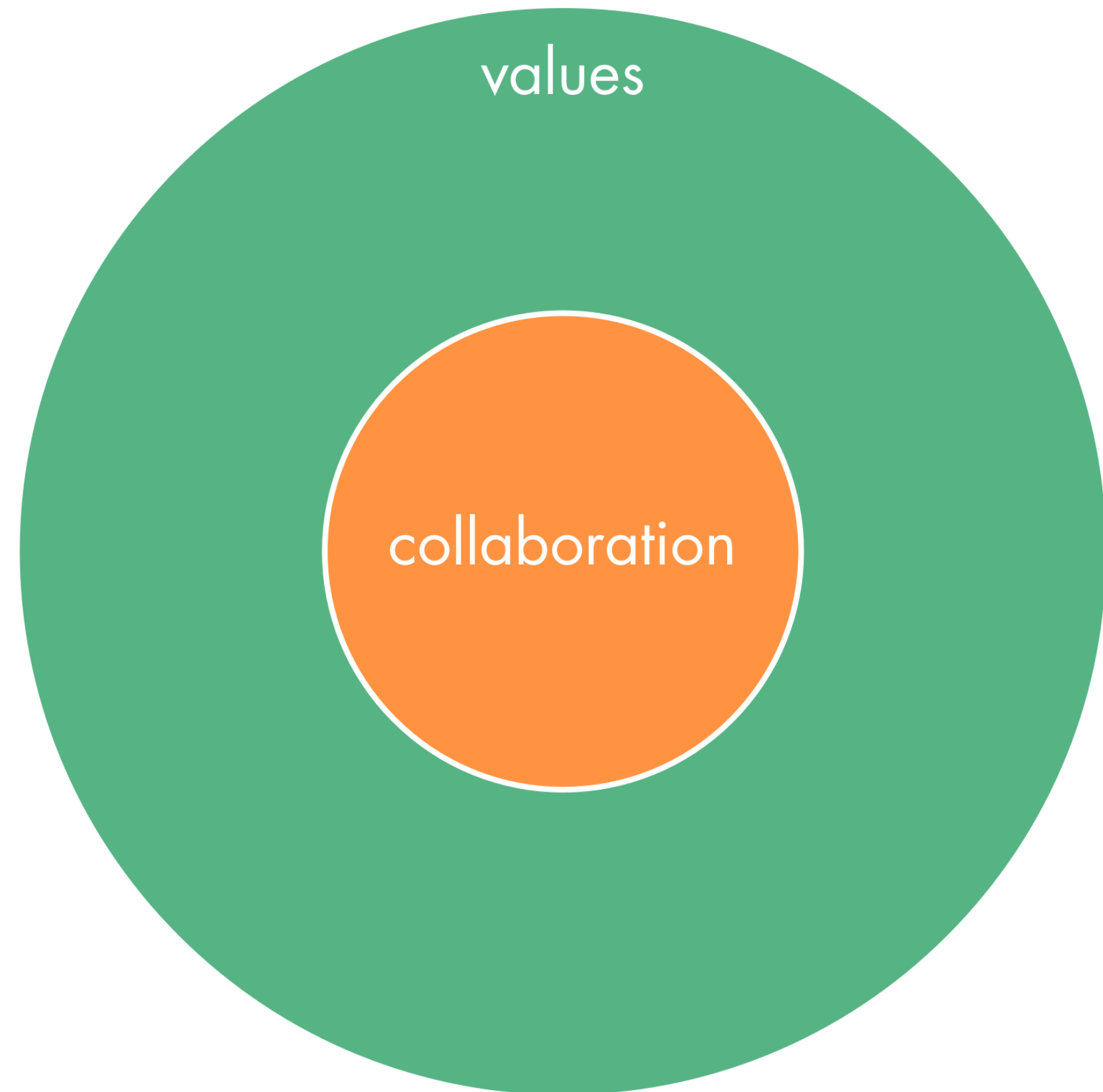
Organizations

In an organization
people come together
to collaborate



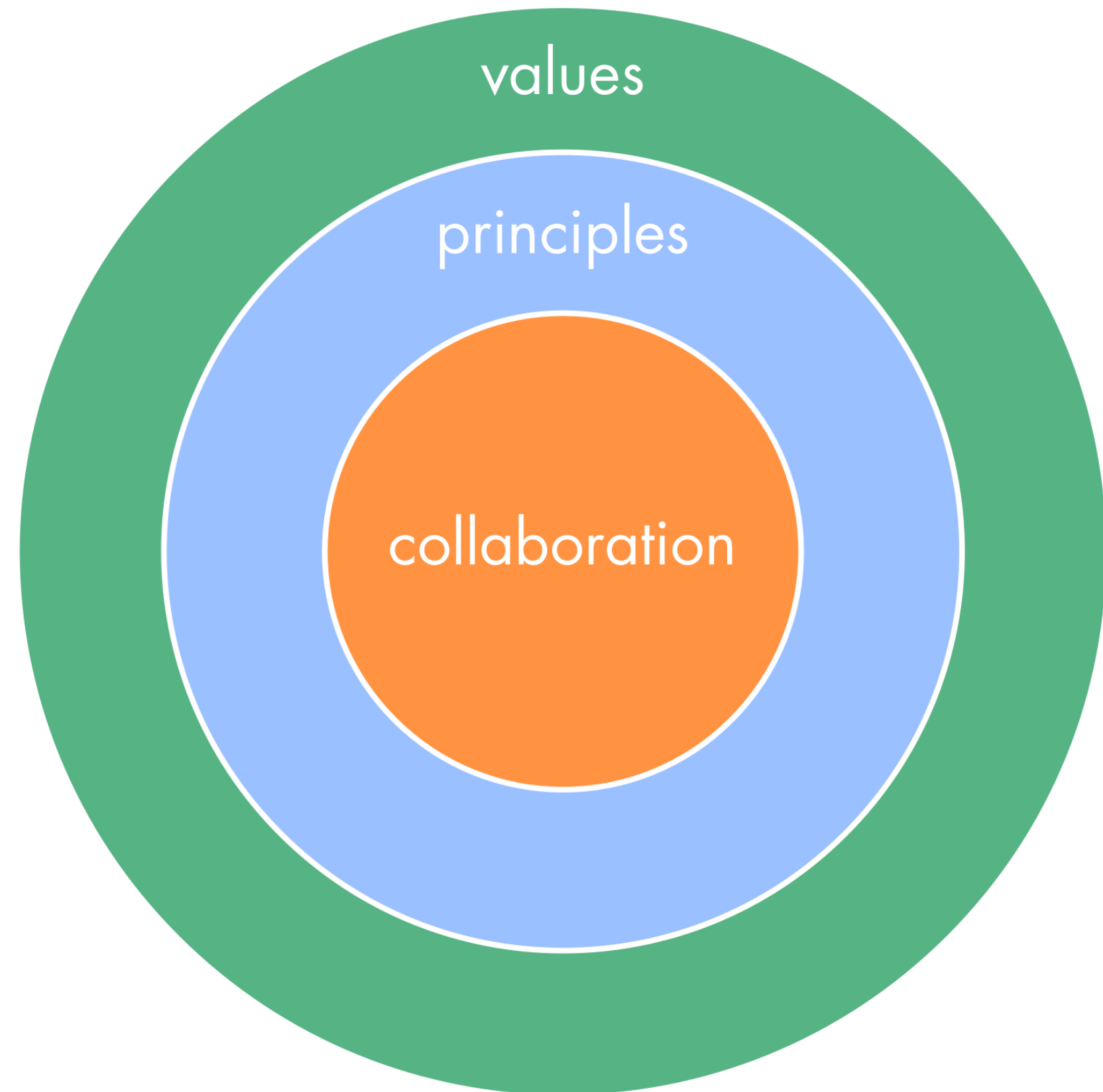
Organizational Values

... define culture and guide actions



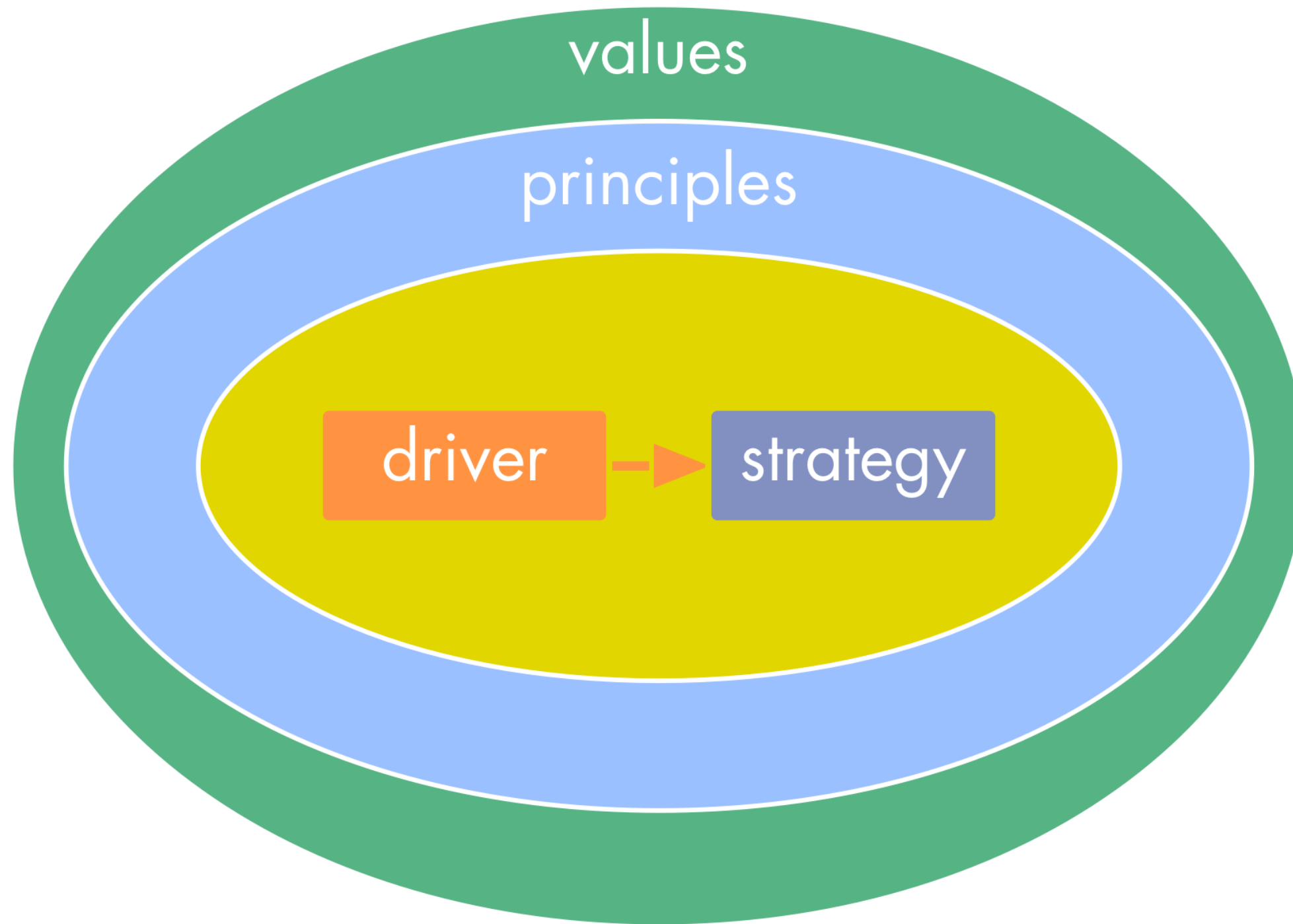
Sociocracy 3.0's Principles

...are also values



Values are policy

- close and effective collaboration needs a way to:
 - reduce **misunderstanding**
 - **align** decision making and action
 - **attract like-minded members, partners and customers**
- values are subject to **regular reviews**
- values are not the lowest common denominator, but our highest aspiration



Organizations

An organization is defined by its values, driver and strategy

- an organizations values define **culture** and set parameters for **action**
- an organizations **existence** is motivated by its driver
- an organizations **service** is defined by its strategy

Constitution

agreement: inwards (people) and outwards (world)

- values
- driver
- strategy
- legal (bylaws etc. as required)

A Few More Things...

- Logbook
- Policy for Entering and Leaving an Organization
- Policy for Compensation

Now what?

Main website: <http://sociocracy30.org>
(more resources and a low-traffic newsletter).

Follow us on twitter: [@sociocracy30](https://twitter.com/sociocracy30)

Join the movement and translate Sociocracy 3.0 into your language <http://bit.ly/translate-s3>

A community platform's in planning, subscribe to the newsletter to be notified about the launch.

A growing library of pattern descriptions can be found at agileorganizations.io (work in progress)

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