Evolving

Agile Organizations with Sociocracy 3.0

Who has heard of...

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

Sociocracy 3.0 Covers All of This

Learning Objectives

- discover how an entire organization can be created out of teams, avoiding many of the challenges faced in organizations today
- understand how such an agile organization would address the domains of decision making and management
- be inspired about integrating ideas from Sociocracy 3.0 in your organizations

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

The **Problem With Organizations: #**

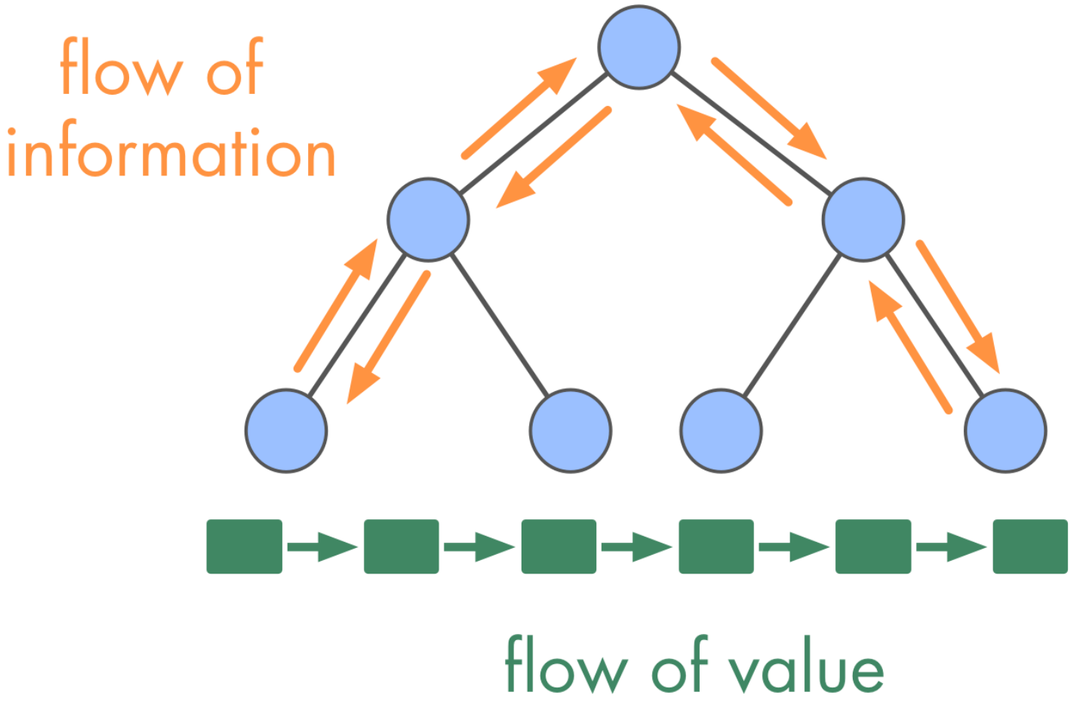
Individual Disciplinary and Functional Accountability Inevitably Leads To a **Dominance Hierarchy**

Hierarchy

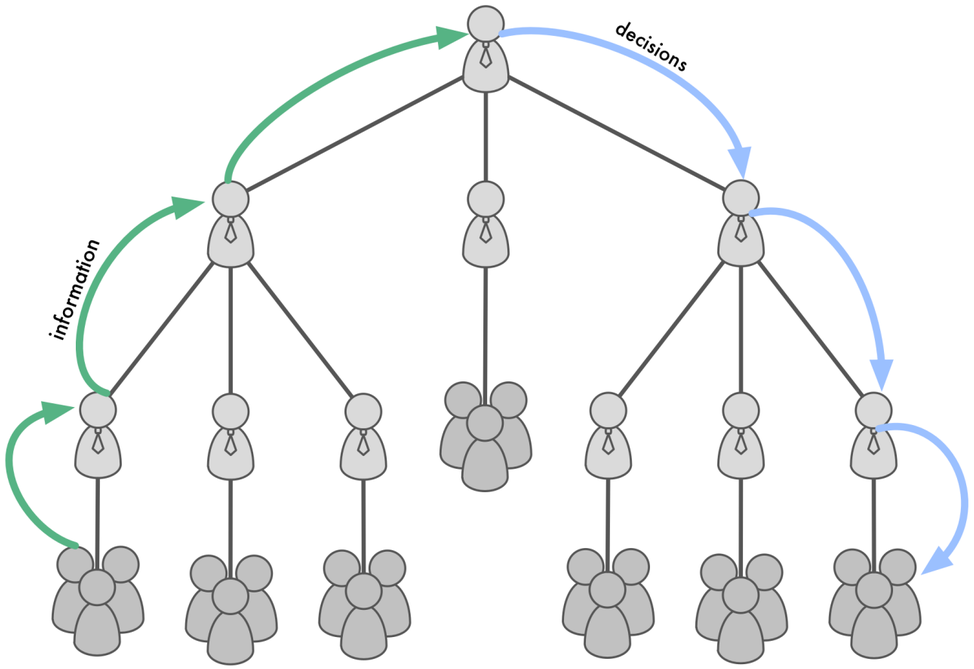
- any system of persons or things ranked one above another
- from the Greek ἱεραρχία (hierarchia): *rule of a high priest*
- a strategy for maintaining and accumulating power
- neither natural nor inevitable
- there's other ways of creating order

Paradox of Management

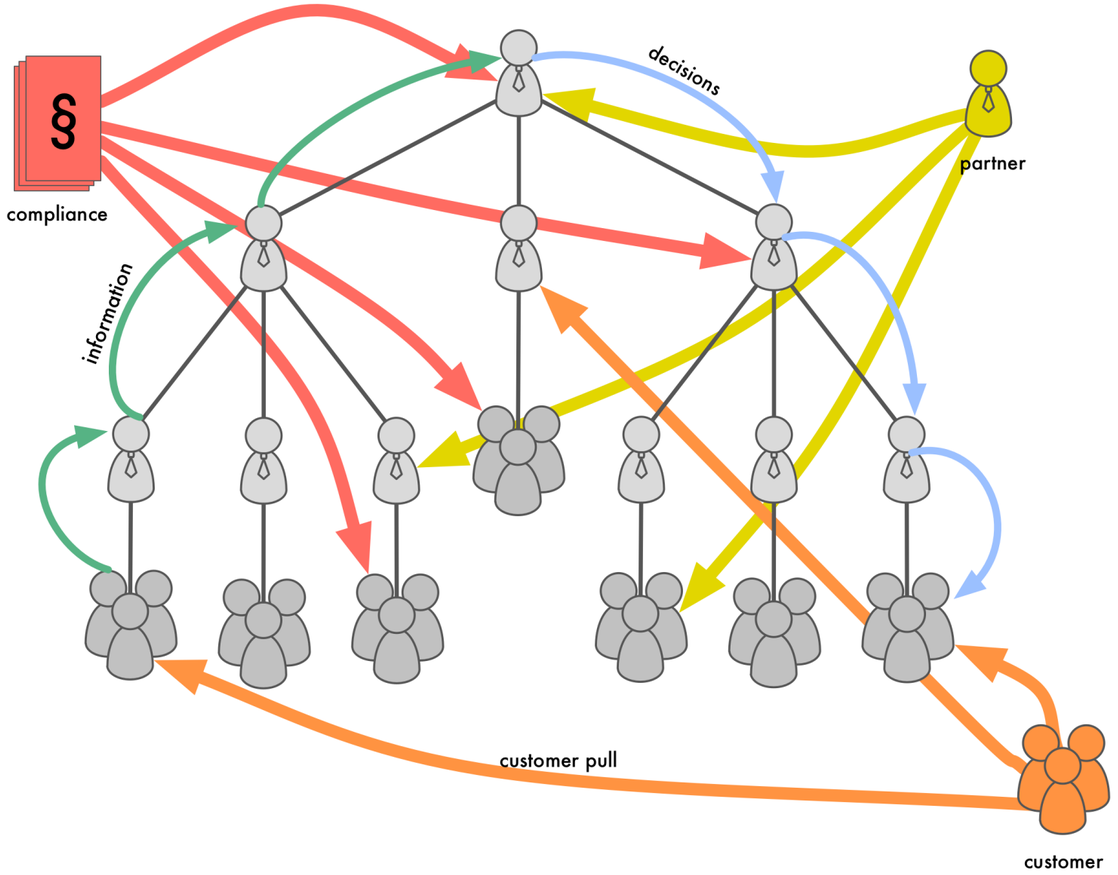
Hierarchies
Artificially Limit
the Complexity
A System Can Address



Hierarchy - ideal...



… and reality


§
compliance
decisions
partner
information
customer pull
customer

The Problem with Hierarchy

- limits complexity of the system (*divide et impera*)
- suppresses creativity and innovation
- rewards sociopathic behavior
- ➤ optimization for individual gain
- ➤ suboptimal decision
- ➤ unhappy people

Why is that so?

- power over: loss of motivation, fear, lack of openness/honesty
- scarcity mindset: secrecy, competition, win-lose solutions
- autocratic decision making: slice of reality
- in-group/out-group division, dehumanization ('human resources')
- suppression of diversity, blind spots

What we actually look for in organization

- **relationships**: trust, respect
- **learning**: transparency, continuous improvement, safe-fail environment
- **solving complex problems**: innovation, creativity
- **motivation**: close collaboration, self-organization
- **value**: for members, customers, environment

How can we achieve that?

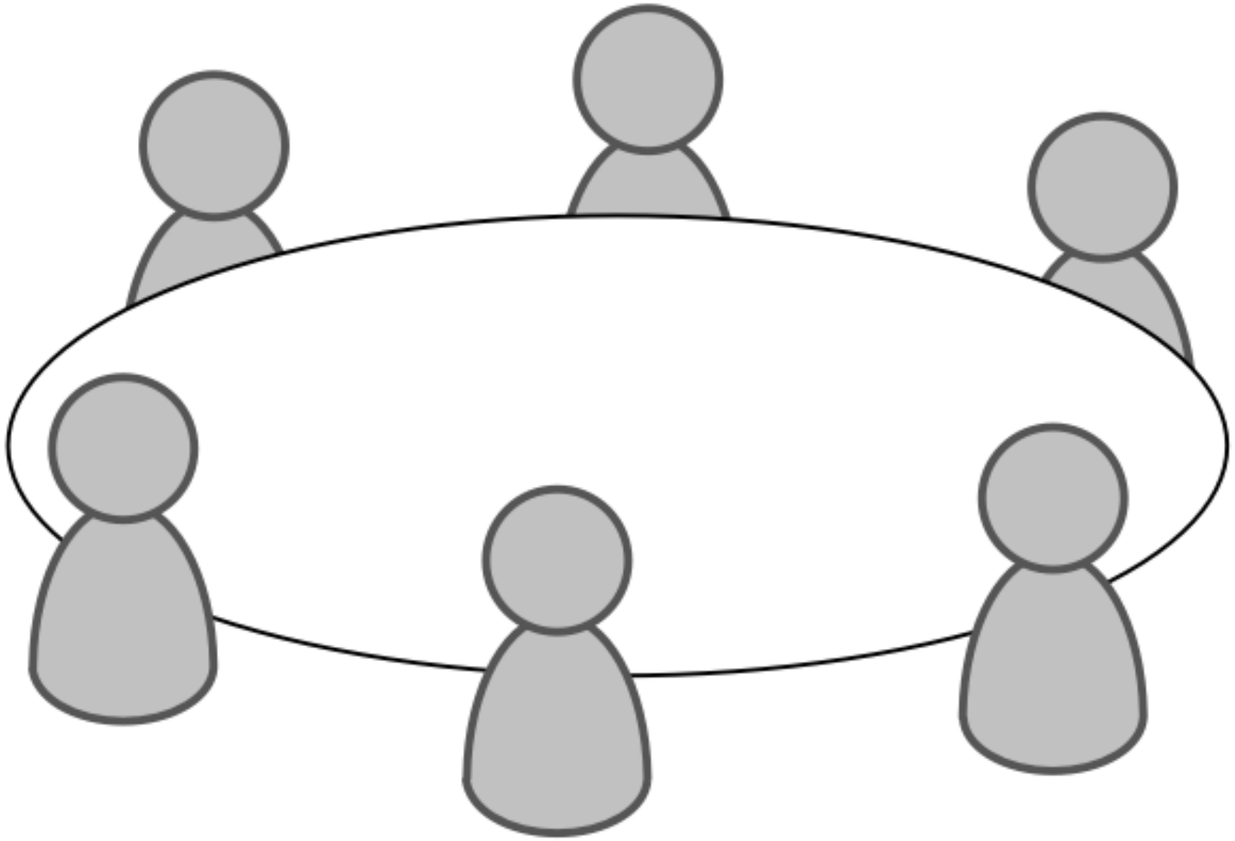
- apply agile thinking to all domains of an organization
- assign all disciplinary (and functional) accountability to teams
- hierarchy ➤ heterarchy
- **compensate for common human weaknesses**

Heterarchy

- a network
- each element shares the same "horizontal" position of power and authority
- several different functional structures can co-exist

Circles Make Better Decisions

- peers
- those with relevant information (i.e. those affected)
- in person or by delegation
- temporary or permanent



Implications for an Organization

- **convergent decision making process** for groups
- processes for **creating and evolving policy**
- new ways for dealing with **disciplinary functions**

Implications for an Organization

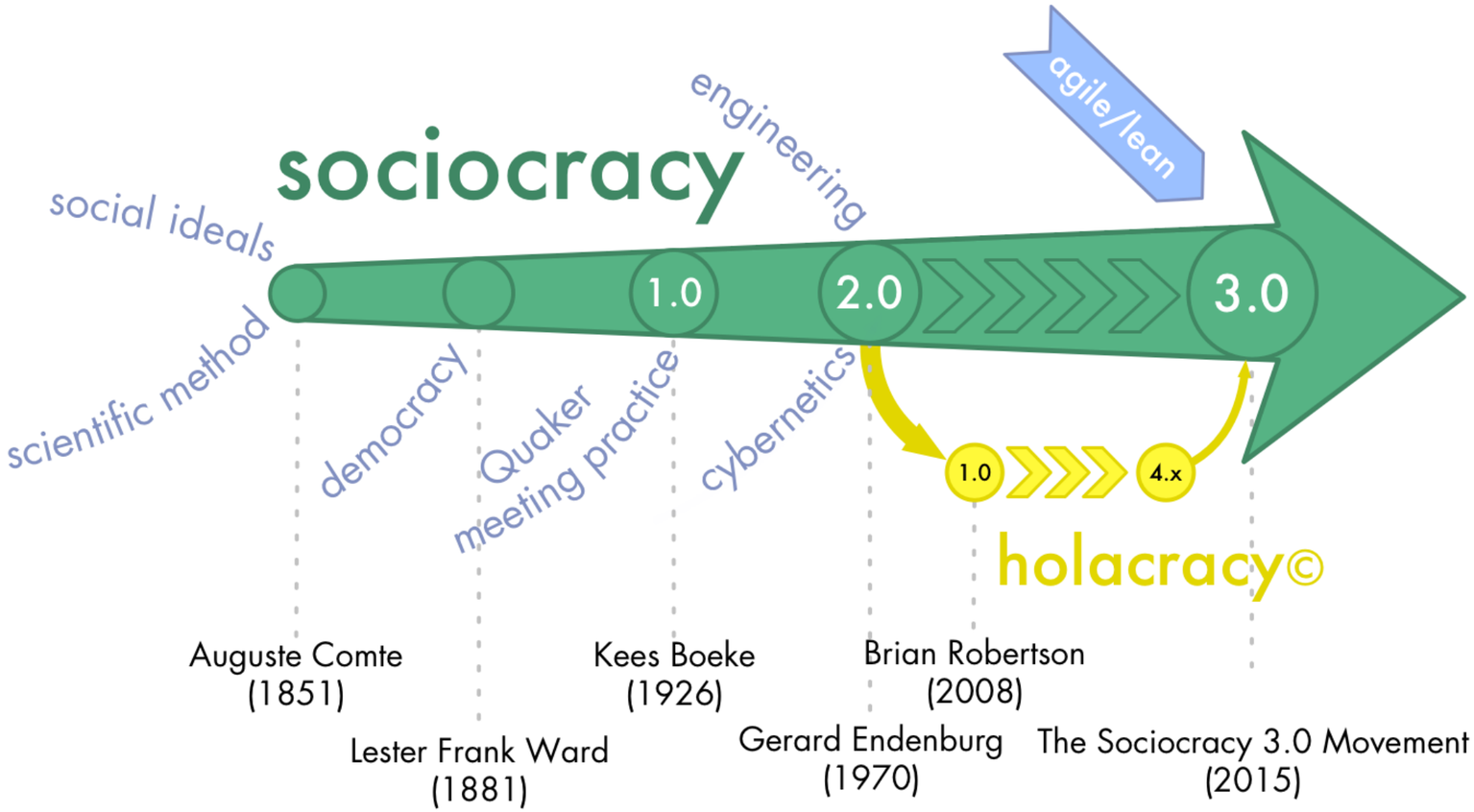
- new patterns for **organizational structure**
  - support team collaboration
  - support for delegation of decision making power
- actively **invest in culture**
  - shared motive
  - shared values and principles

(R)evolution

- this is an enormous transition
- an attempt at a revolution will break most organizations (➤Zappos)
- meet everyone where they are and bring them on board
- pull-system for organizational change

Sociocracy 3.0: a Framework of Patterns for Agile Organizations

Standing on the Shoulders of Giants



The Sociocracy 3.0 Movement

We Make Sociocracy 3.0 Accessible to as Many Organizations as Possible

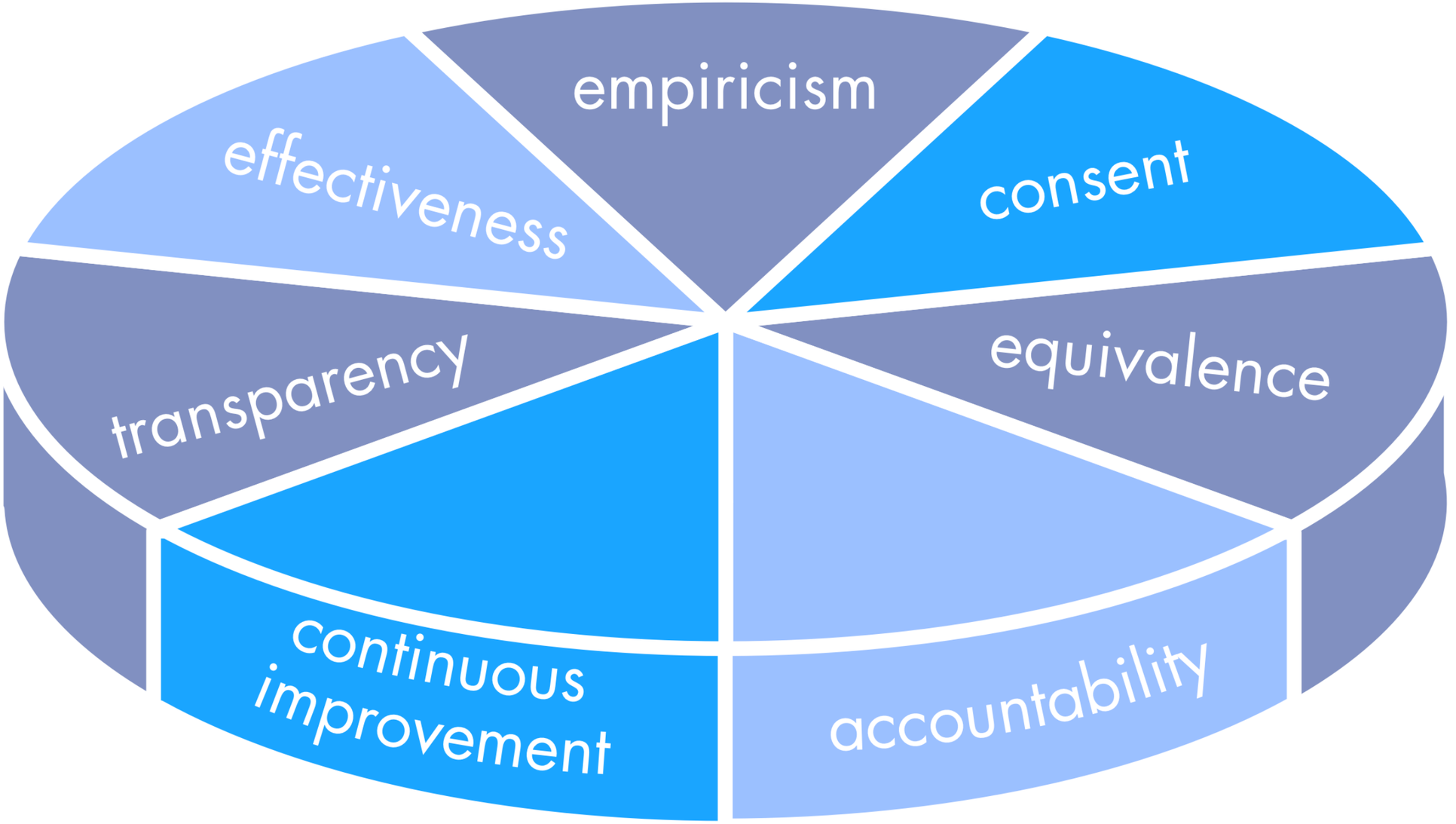
- more effective organizations
- more happy people
- resolve the tension between agile and management

Design Goals

Sociocracy 3.0 in a Nutshell

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

Principles


empiricism
consent
equivalence
accountability
continuous improvement
transparency
effectiveness

Patterns

- Templates for successfully navigating a specific context.
- independent - mutually reinforcing
- 7 guiding principles ➤ patterns are easy to adapt to context
- new patterns will be discovered ➤ also by you!

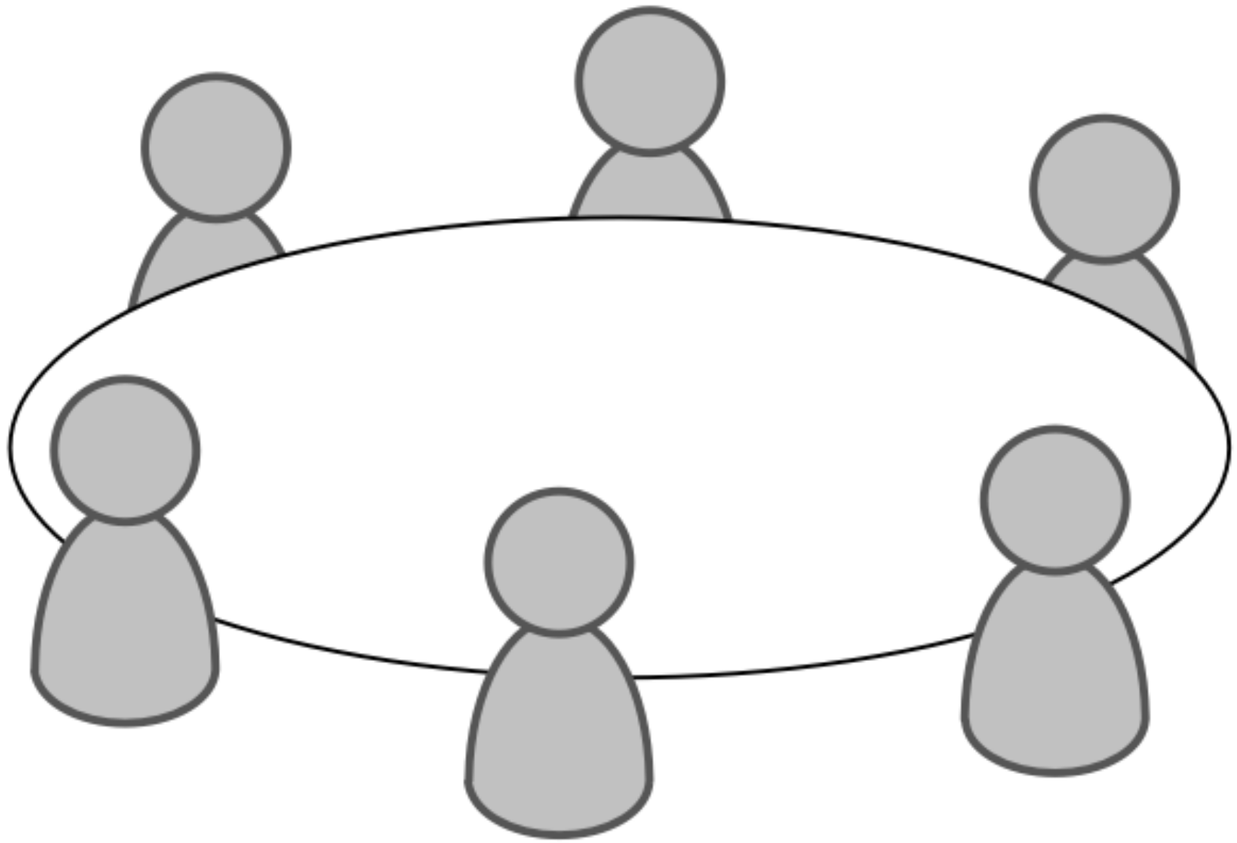
Categories of Patterns

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

Circles and Decision Making

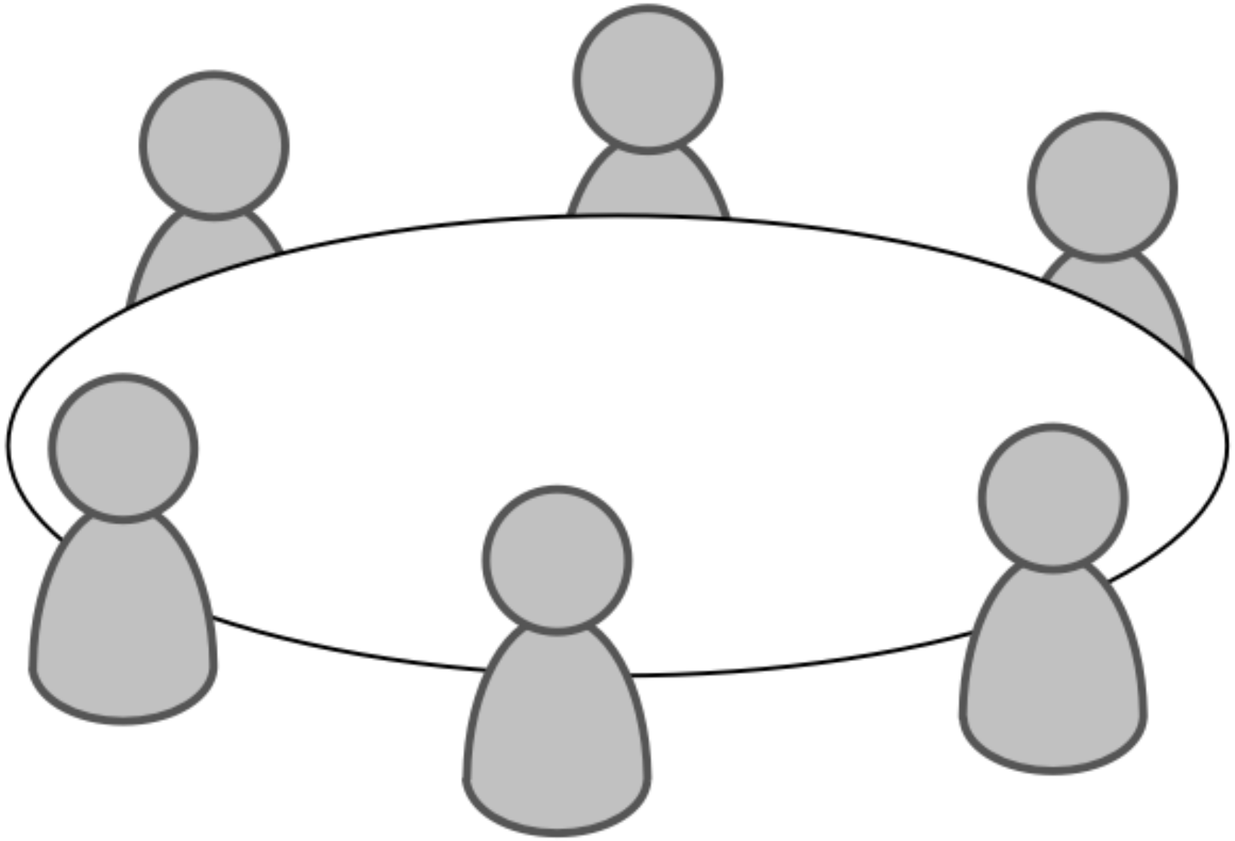
Circle

- 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**:

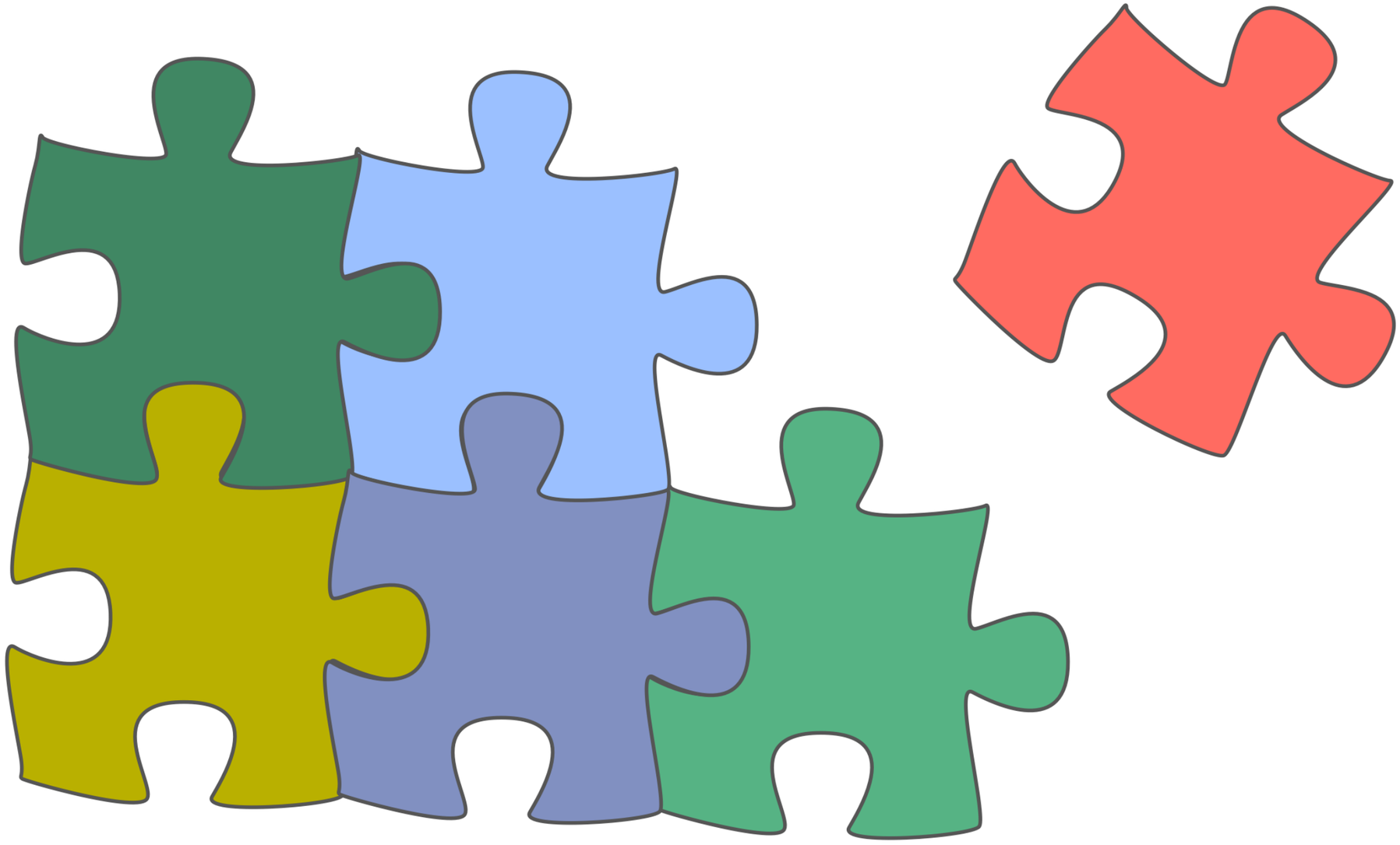


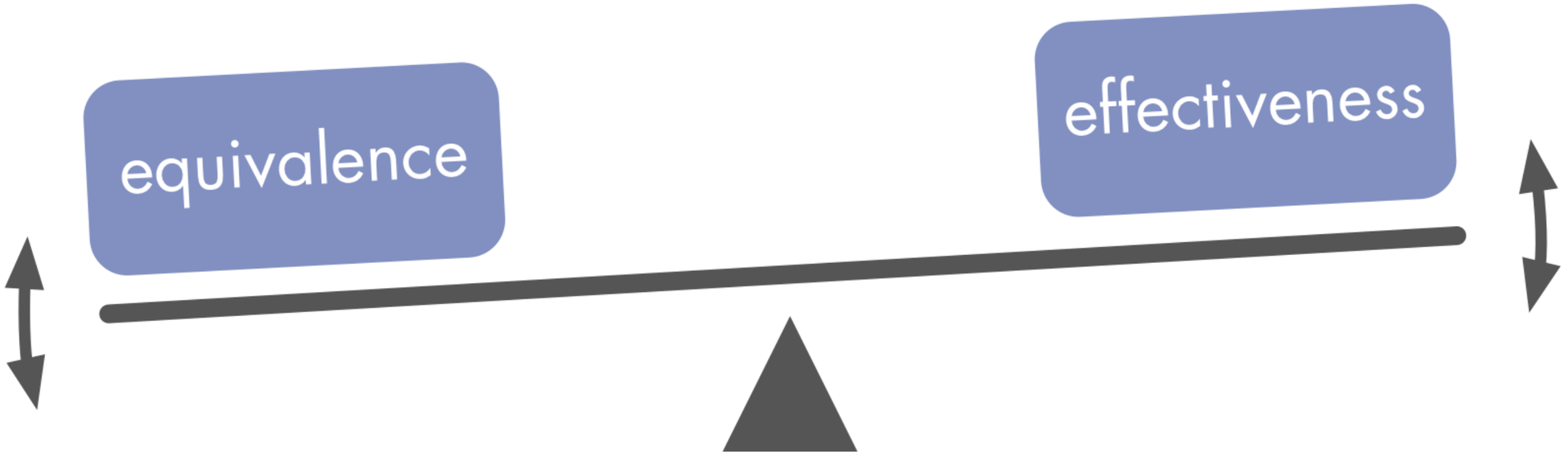
Consent

- 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

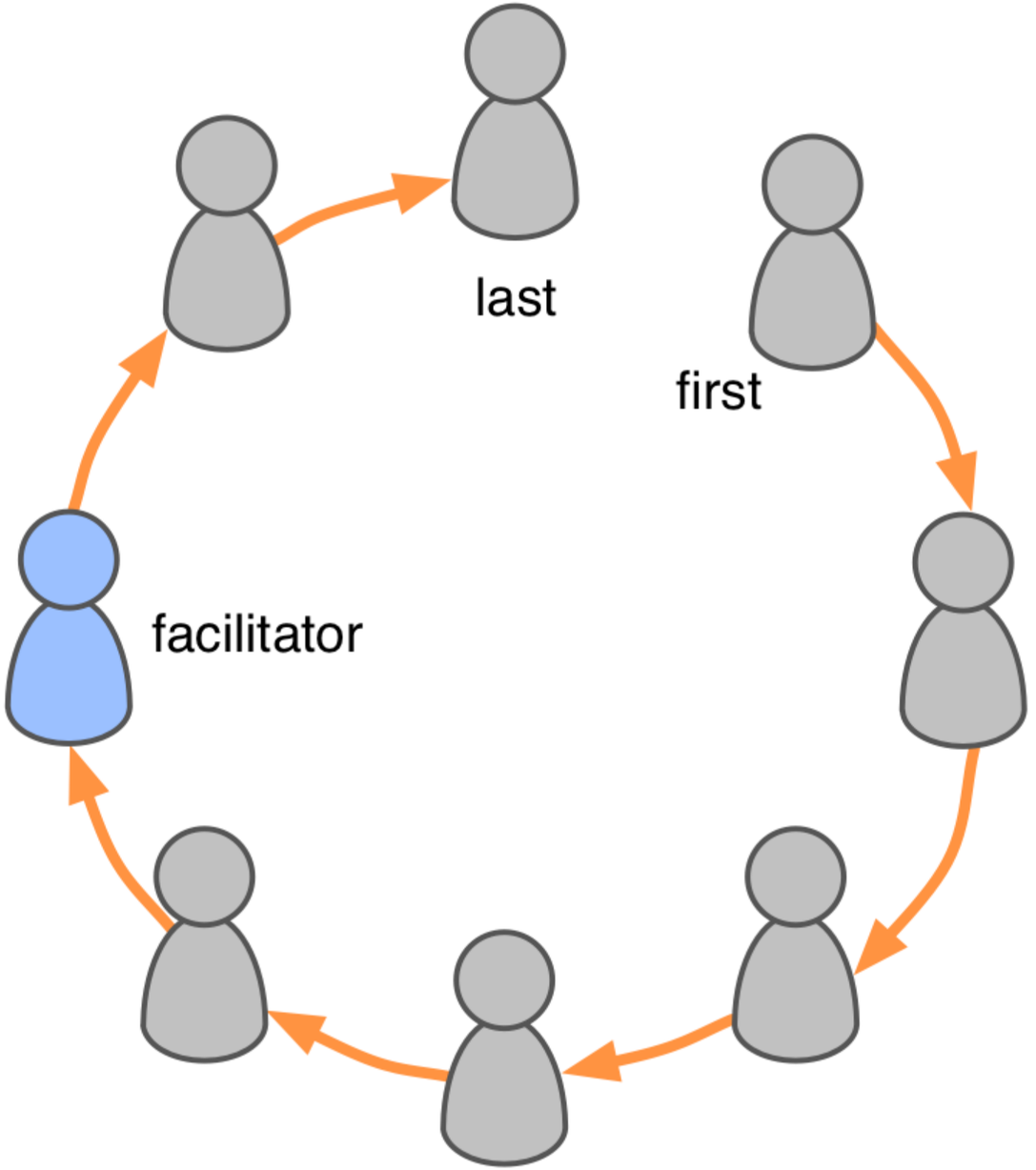



equivalence
effectiveness

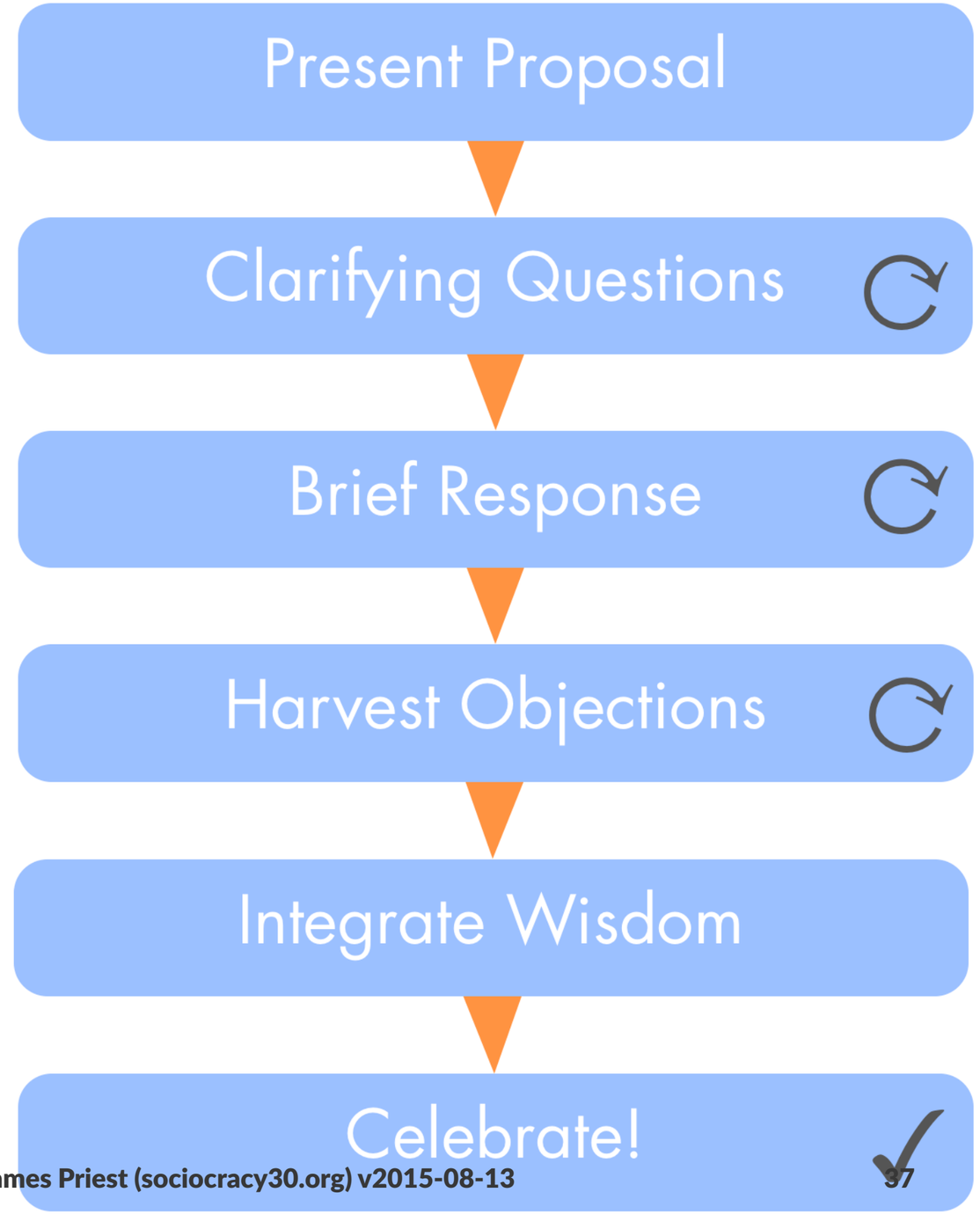
Rounds

A facilitation technique to maintain equivalence

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



Consent Decision Making



Policy Life-Cycle

Policy

What is important enough to gather the circle?
* look at the **consequences**, and **who is affected**
* agreements, guidelines, work processes, contracts, strategies, plans, role assignment, performance improvement ...

Policy

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

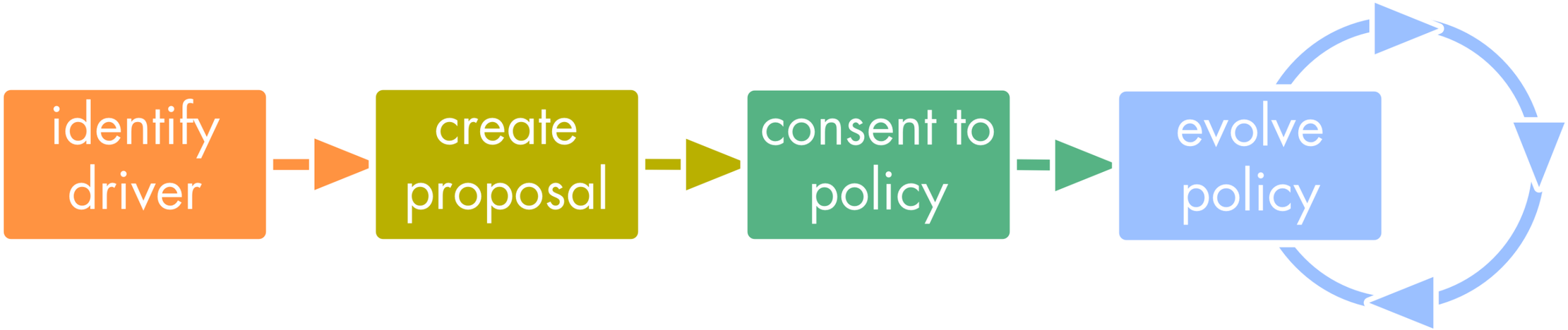
Examples for Policy

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

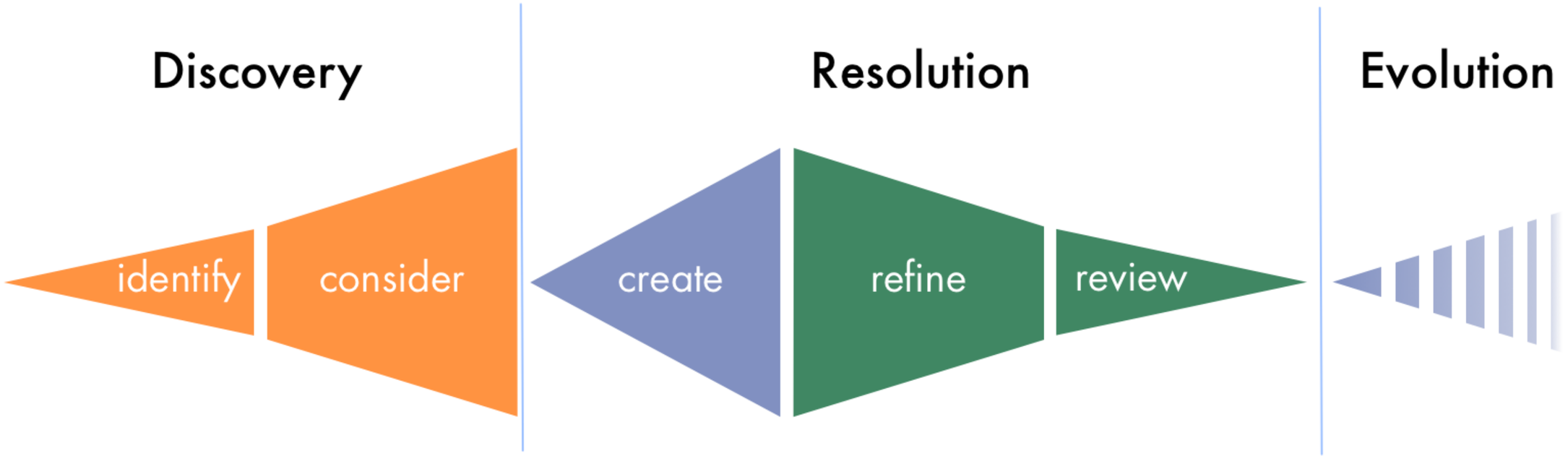
Who Creates Policy?

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

The Life-Cycle of a Policy



Proposal Forming Process

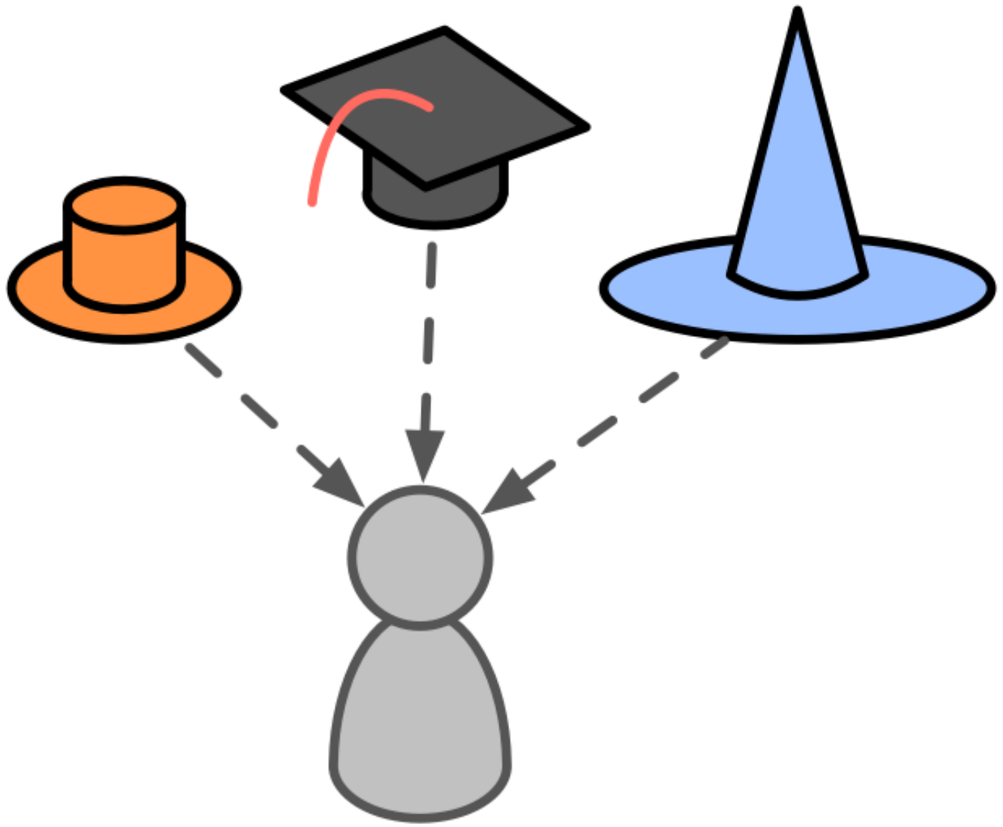


Governance Meetings

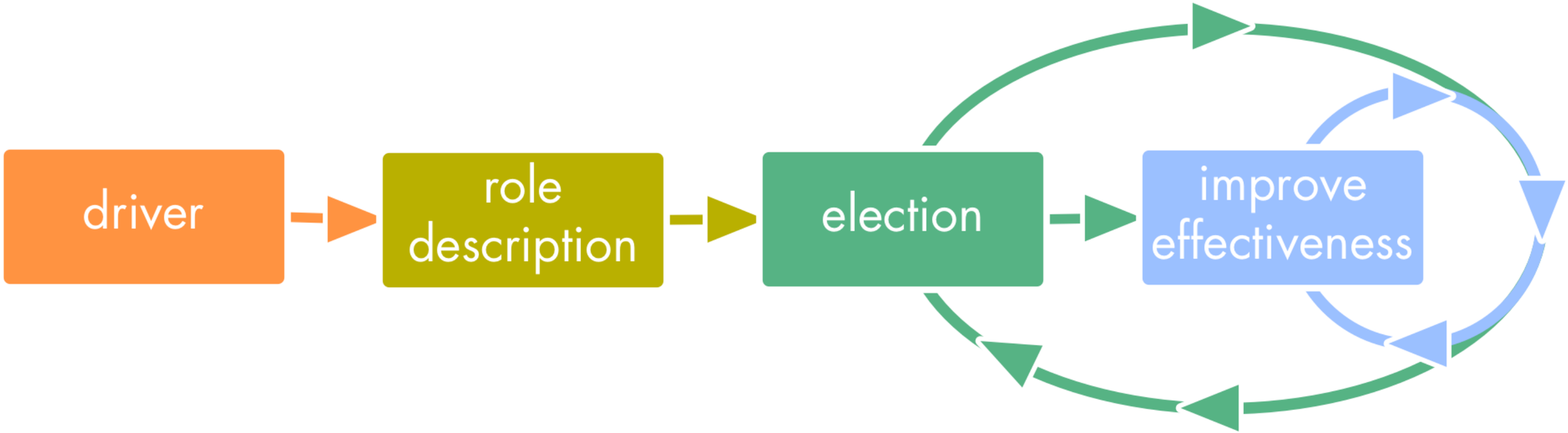
- Agenda Items
  - Short Reports
  - Processing Tensions
  - Proposal Forming and Consent to Proposals
  - Review of Policies, Strategy and Driver
  - Defining Roles and Selecting People for Roles
  - Consent to Role Improvement Plans

People and Roles

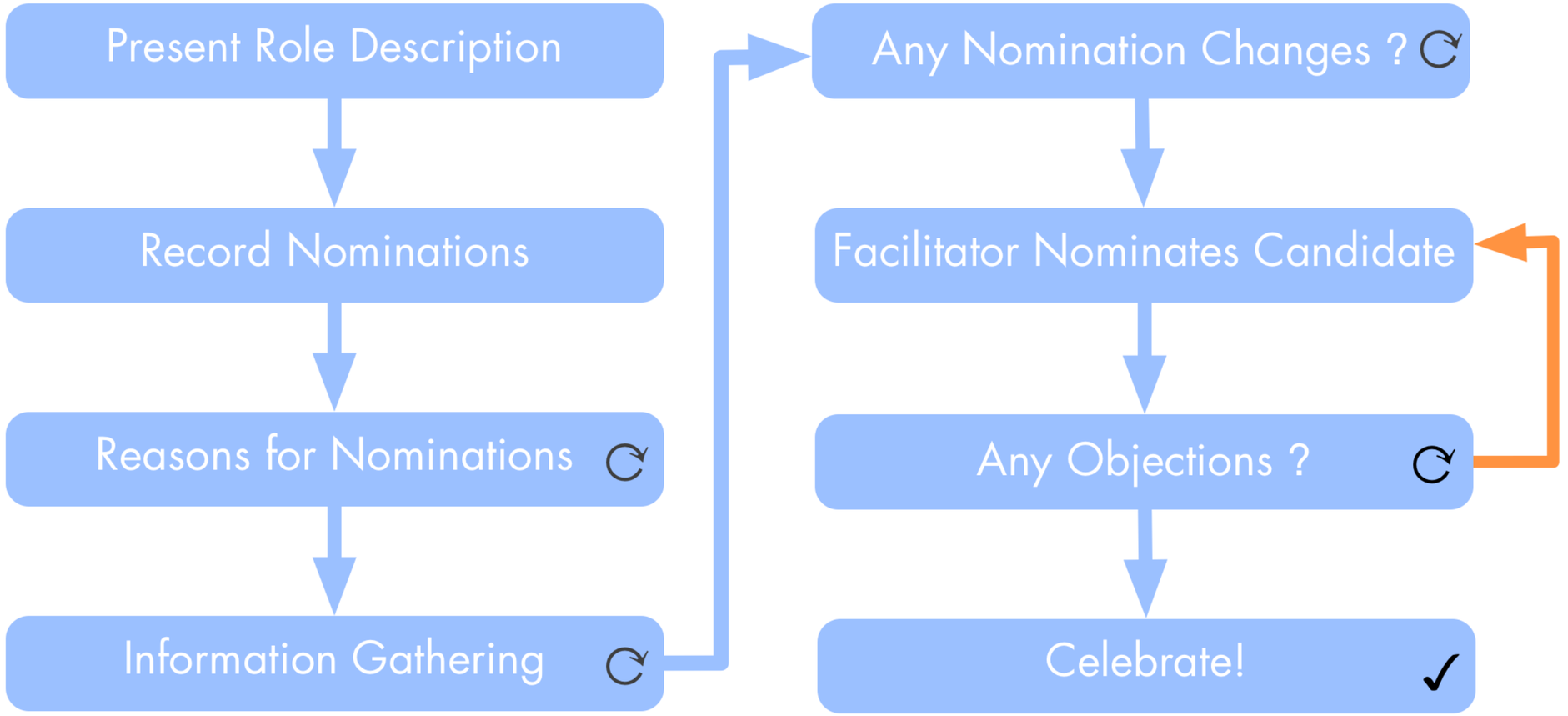
People and Roles



Role Definition and Improvement

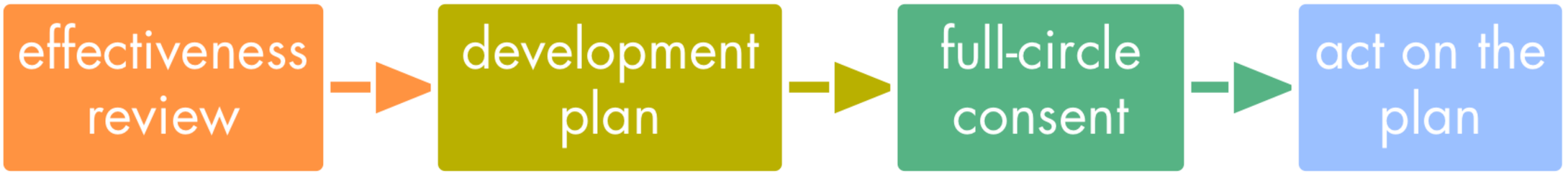


Election by Consent



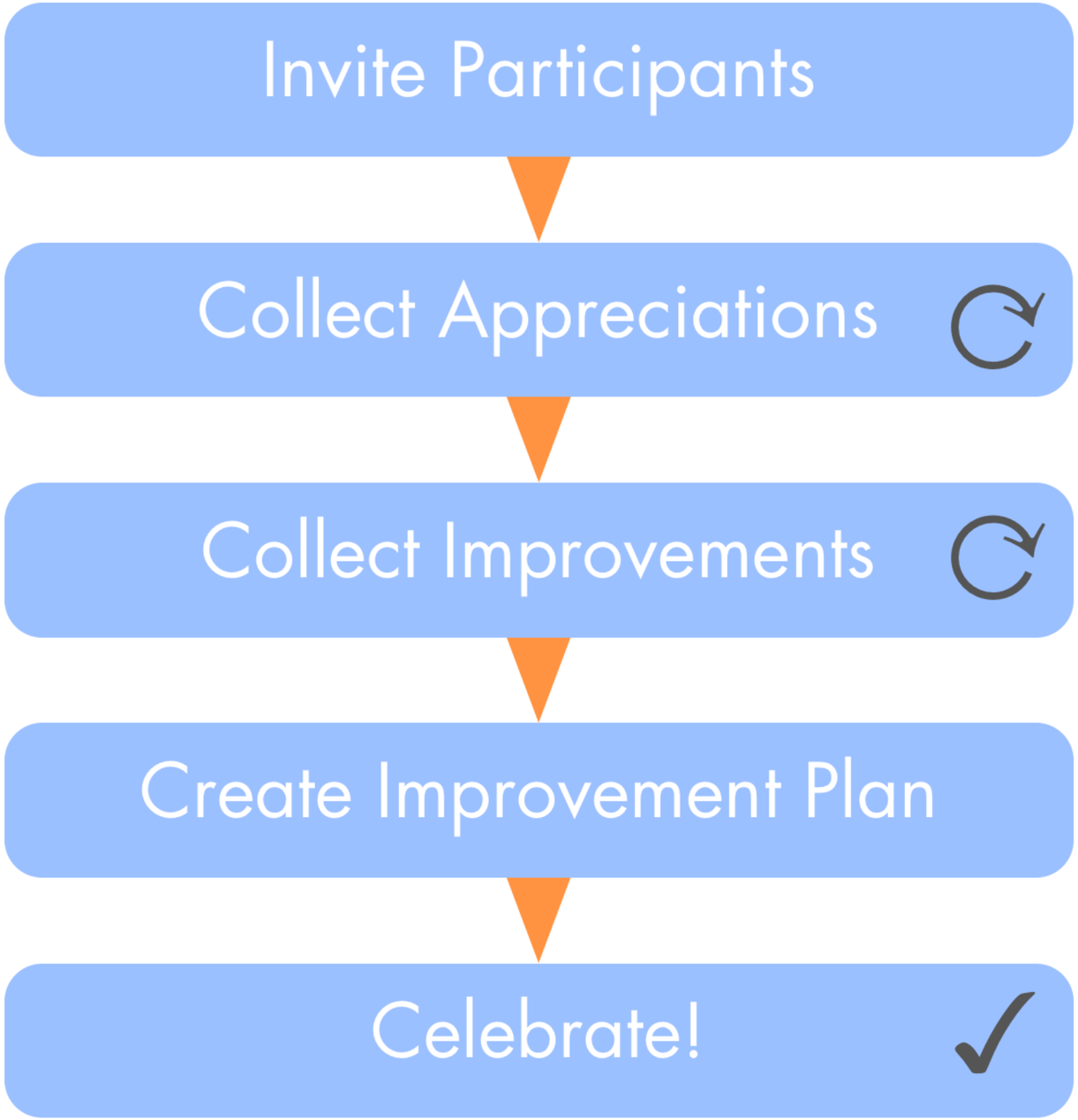
Performance Improvement Process

Continuous improvement of the effectiveness of people in roles



Effectiveness Review

Get help from your peers to improve your performance.



Organizational Structure

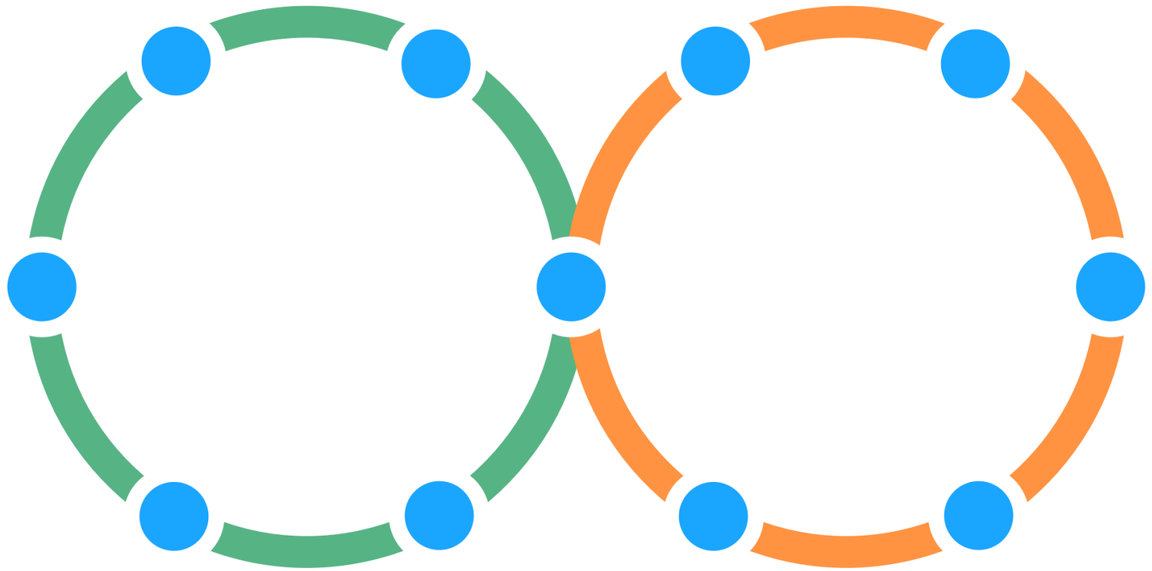
Organizational Structure

support effective collaboration in service of drivers

- **continuous adaptation**
- built from **circles**:
- elect representatives to delegate decision making

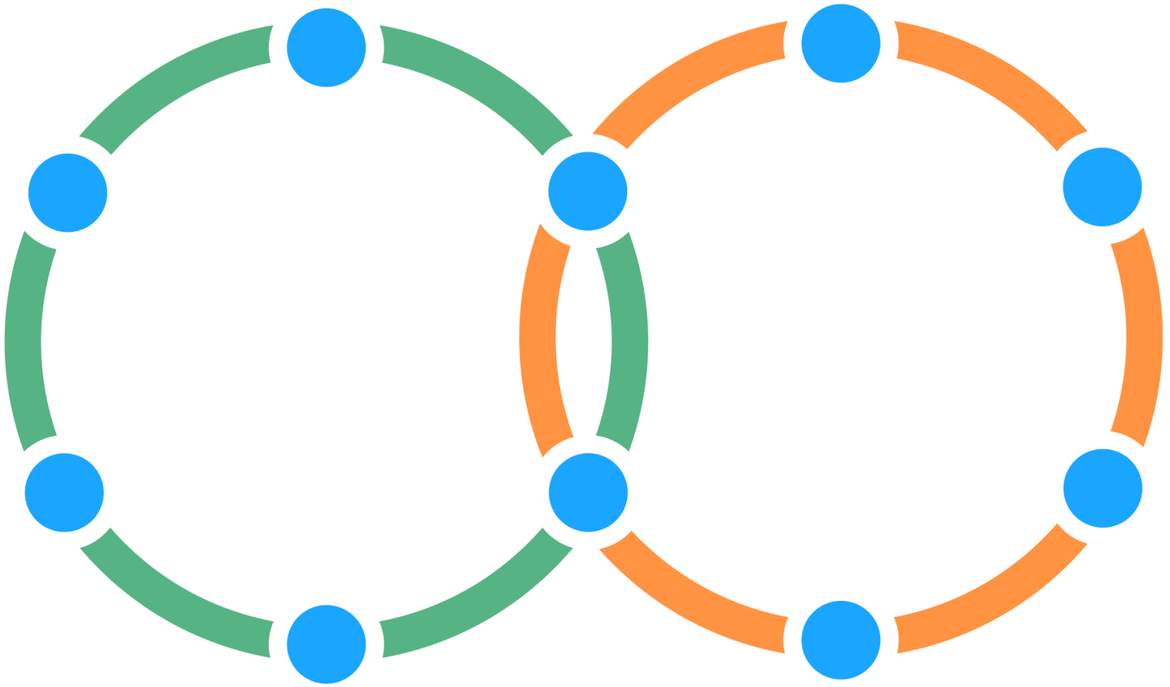
Representatives (a.k.a Links)…

…stand for the interests of one circle in another circle



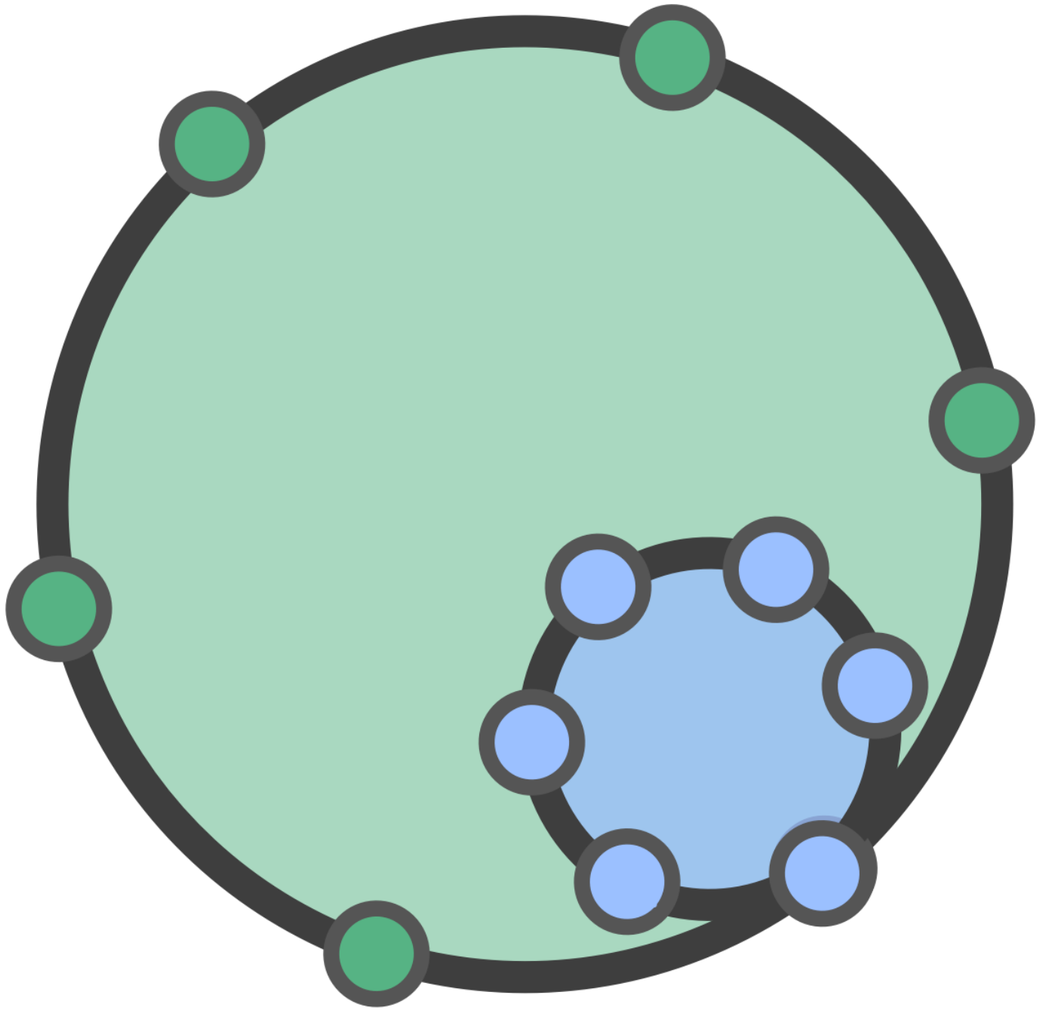
Double Linking

Facilitate two-way flow of information and influence



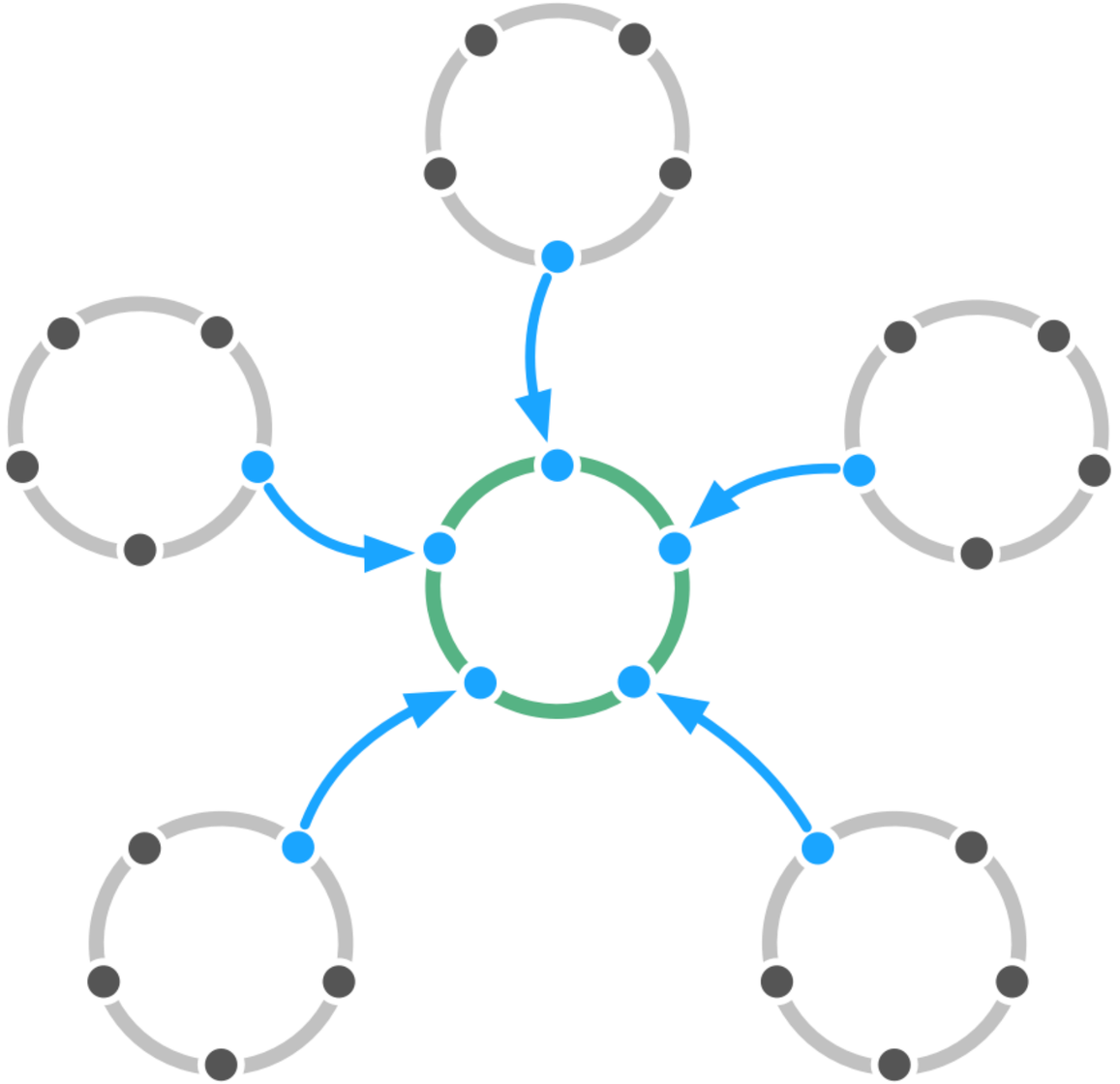
Nested Circle

A pattern for expanding functions



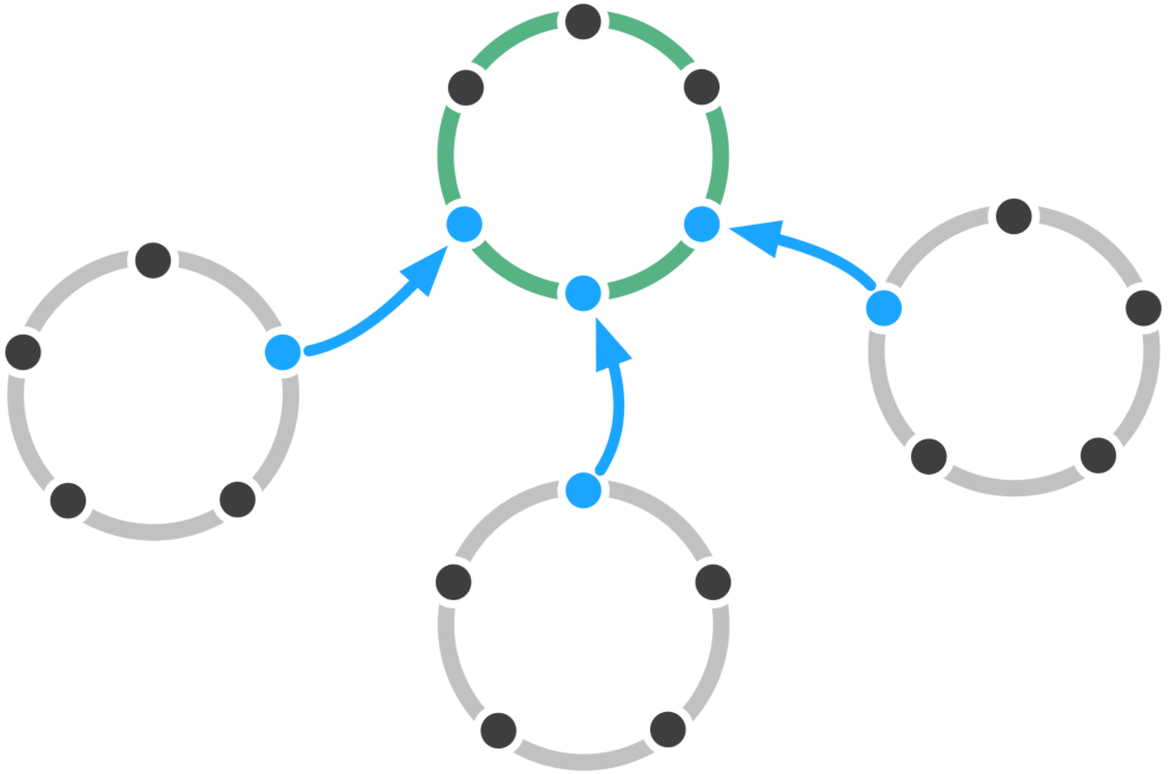
Delegate Circle

A pattern for coordination



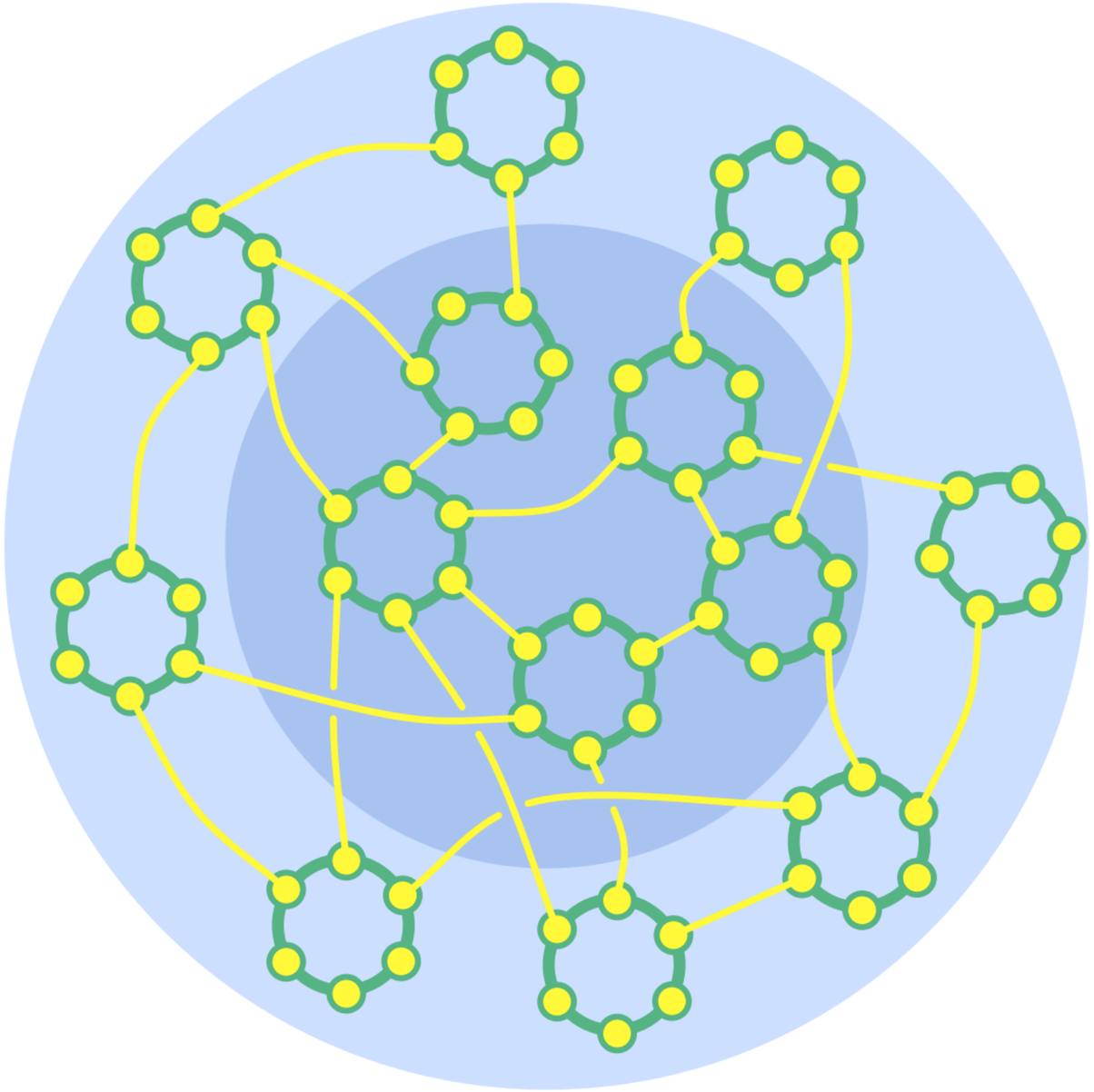
Service Circle

A pattern for outsourcing shared services



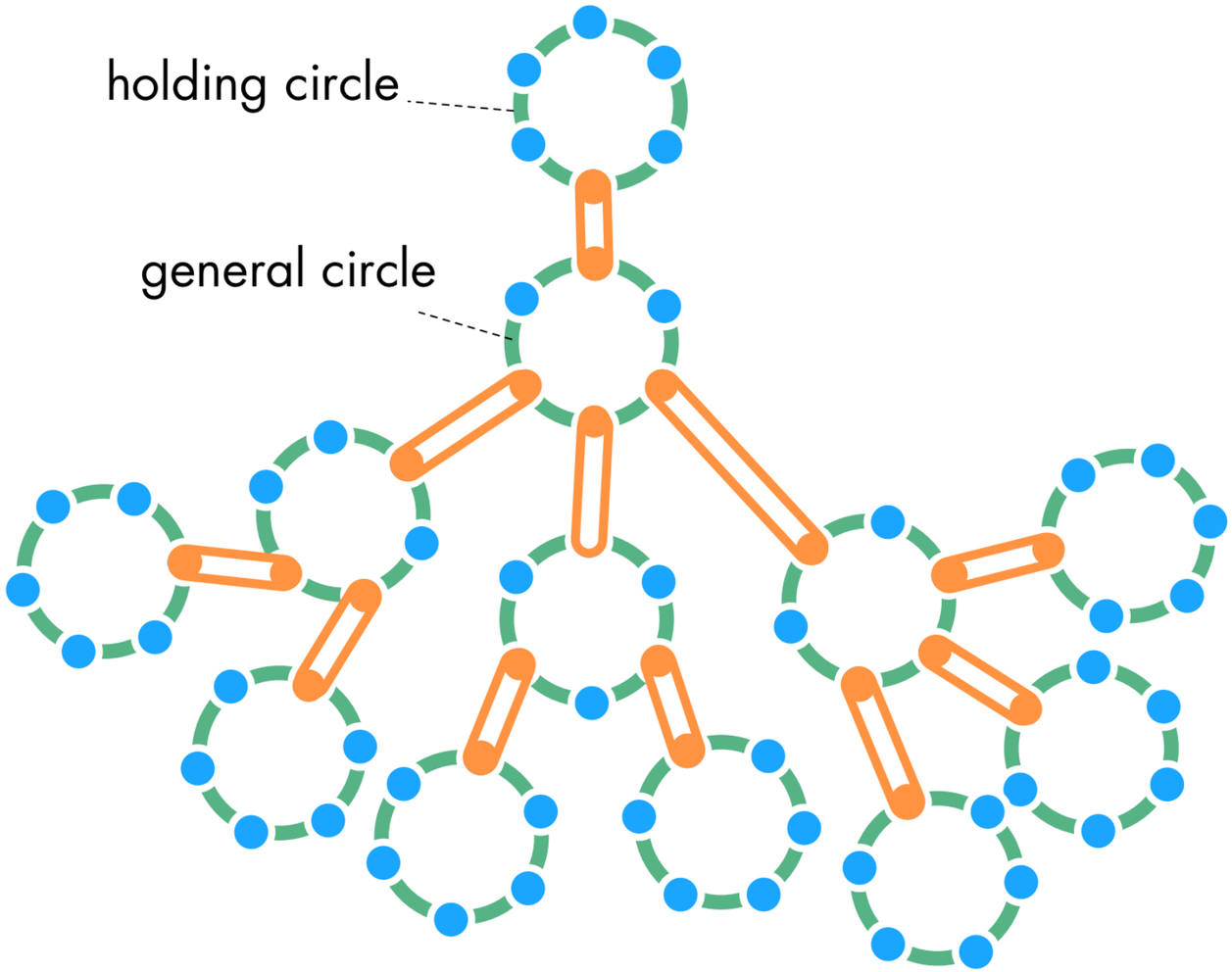
Peach Organization

Periphery drives the organization, the center provides services



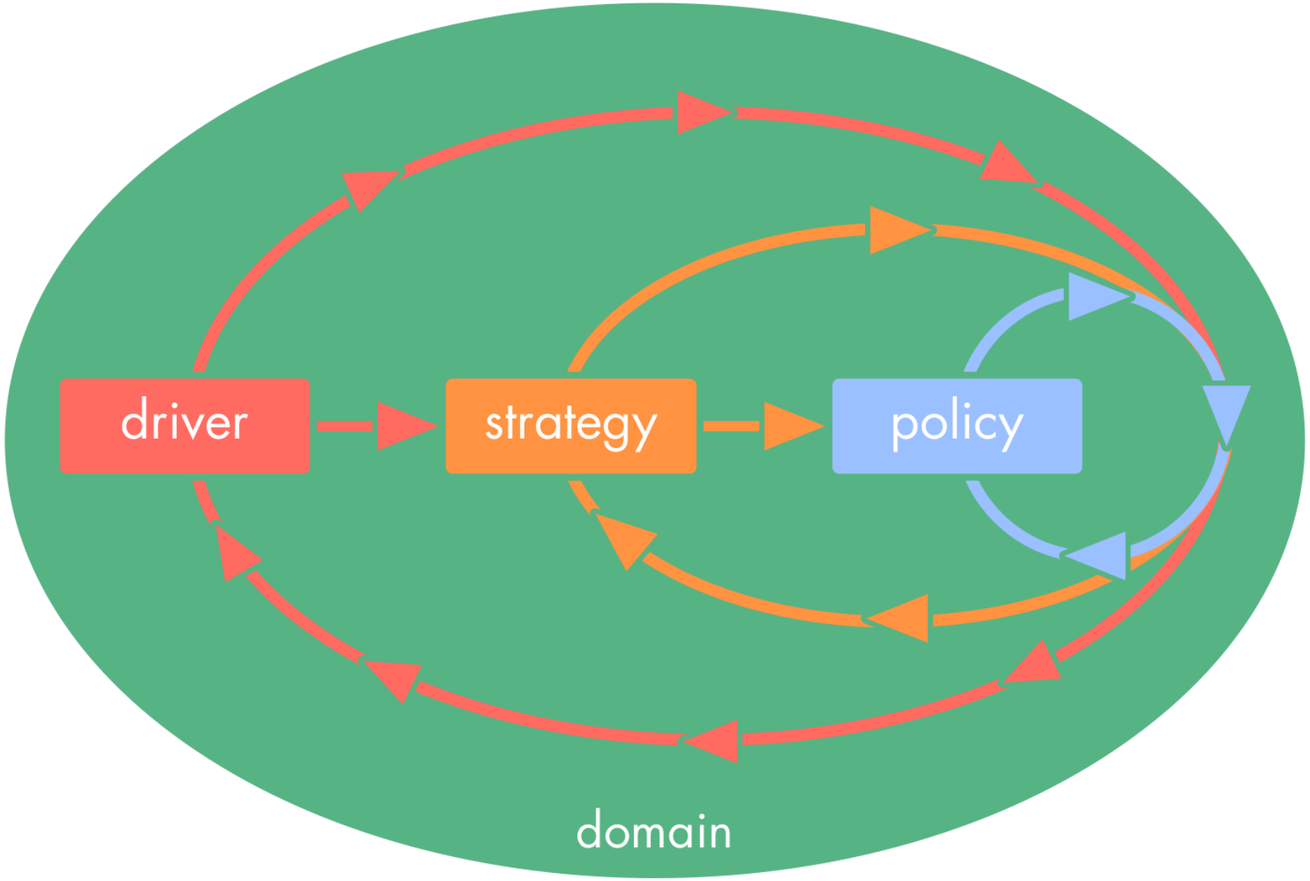
Double-Linked Hierarchy

A pattern for the early phase of a transformation



[Fit] Driver and Policy

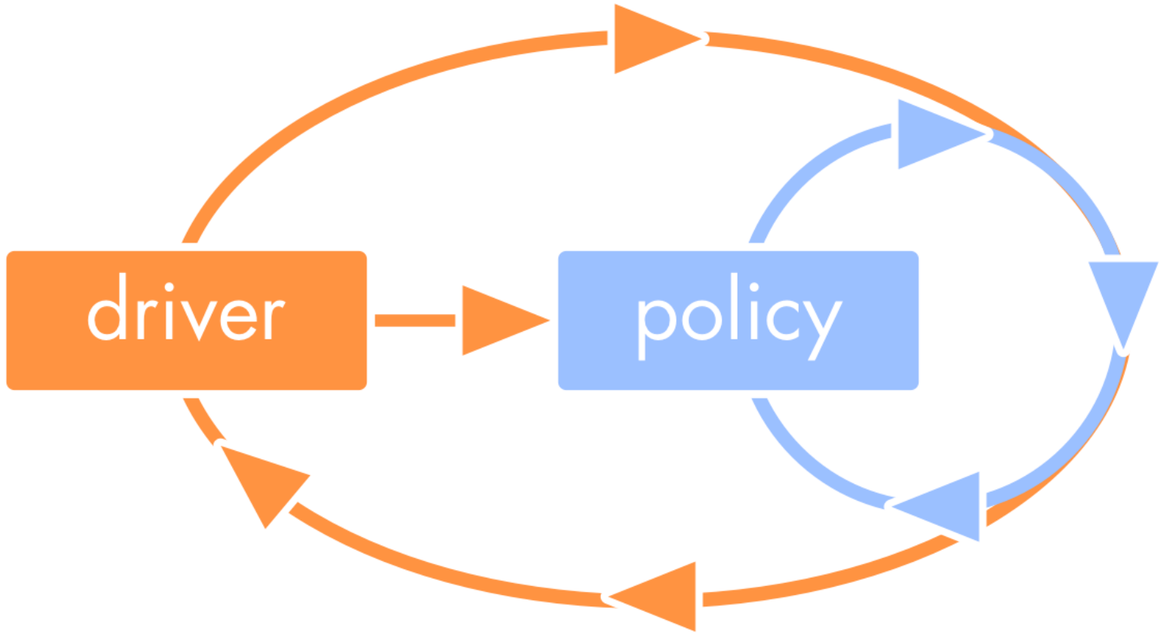
A New Model for Organization



Driver

A Way to Describe Shared Motivation

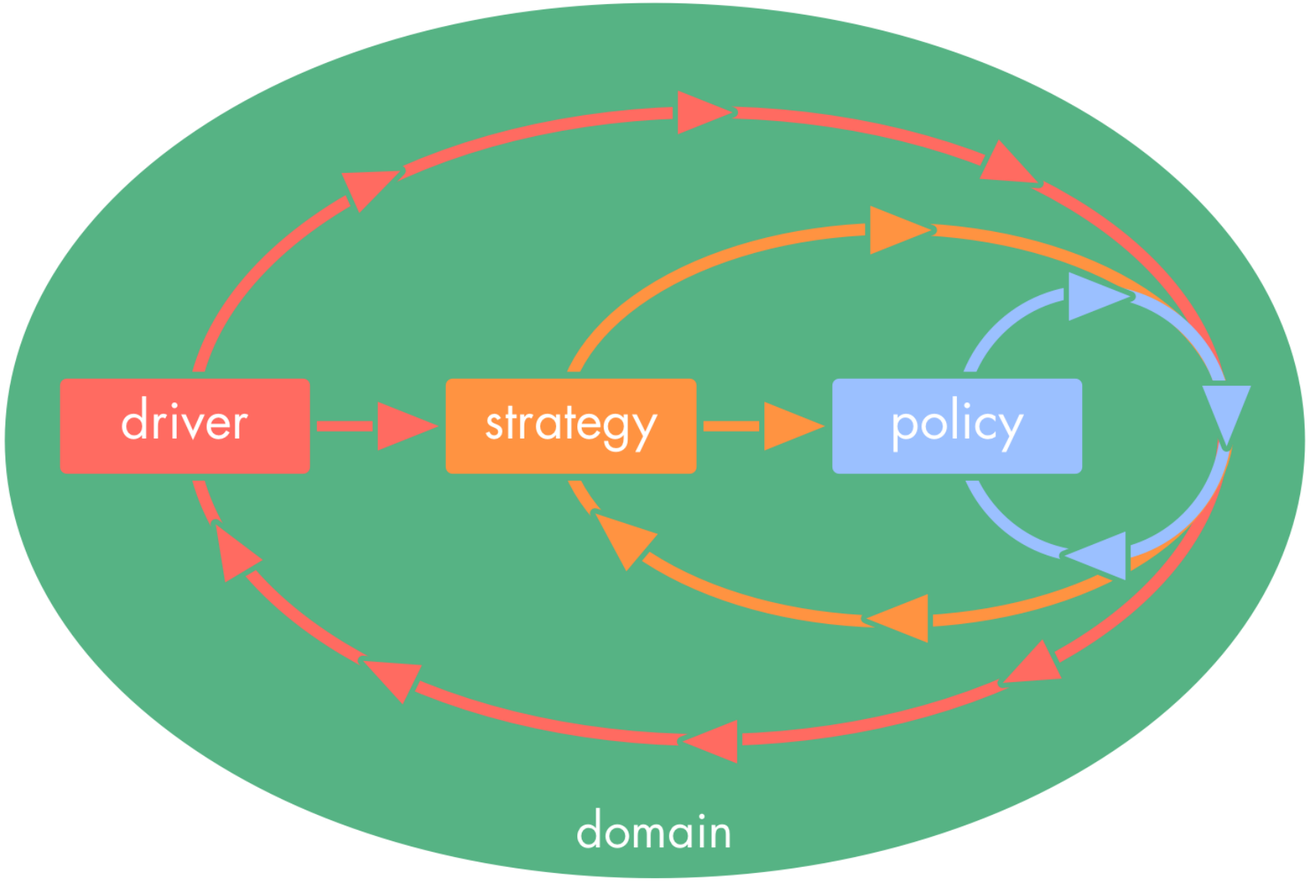
- Facts/Observations ➤ Needs
- "root cause"
- often discovered through tensions
- regular review
- we respond to drivers through policy



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
  - feeling in control of the process
  - stress-free creation of tax statement
  - no surprises

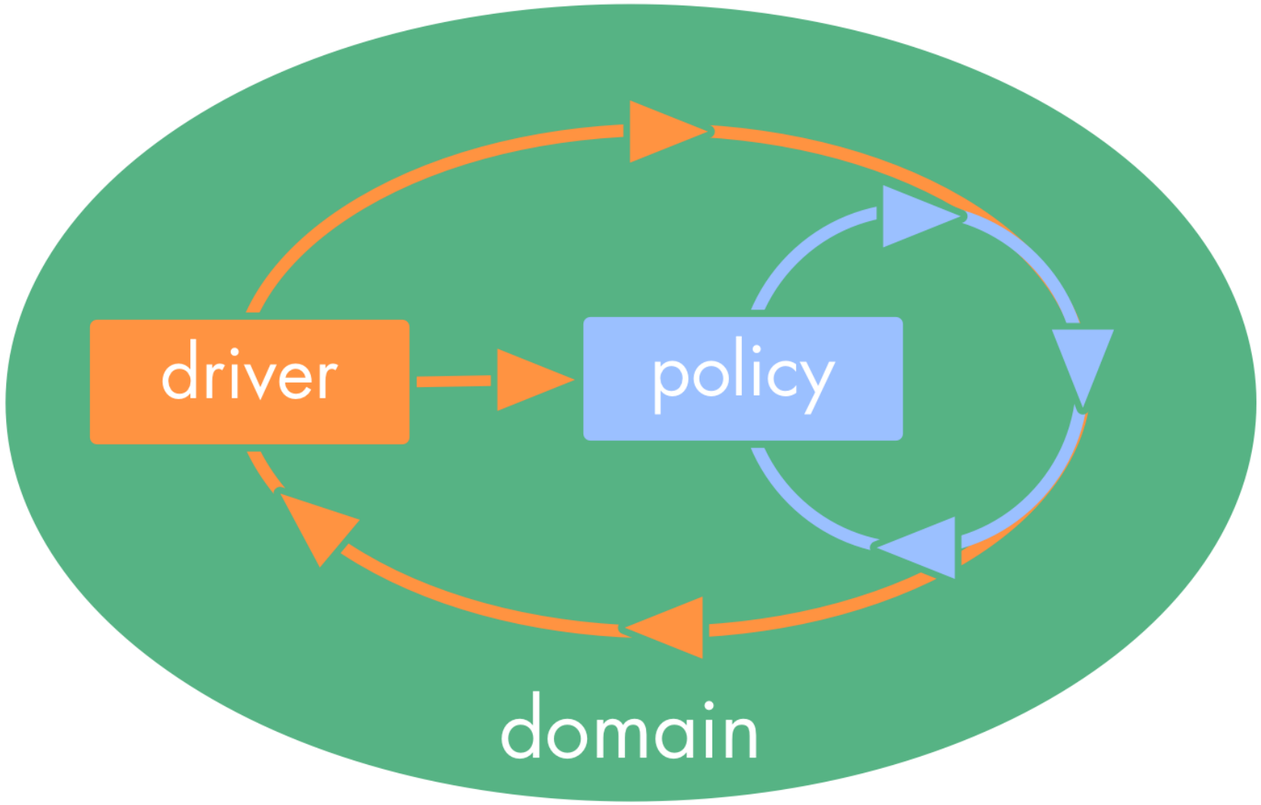
Example - Possible Strategies

- cheap tax service
- tax-app
- educational program
- lobbying for simplifying laws on taxation

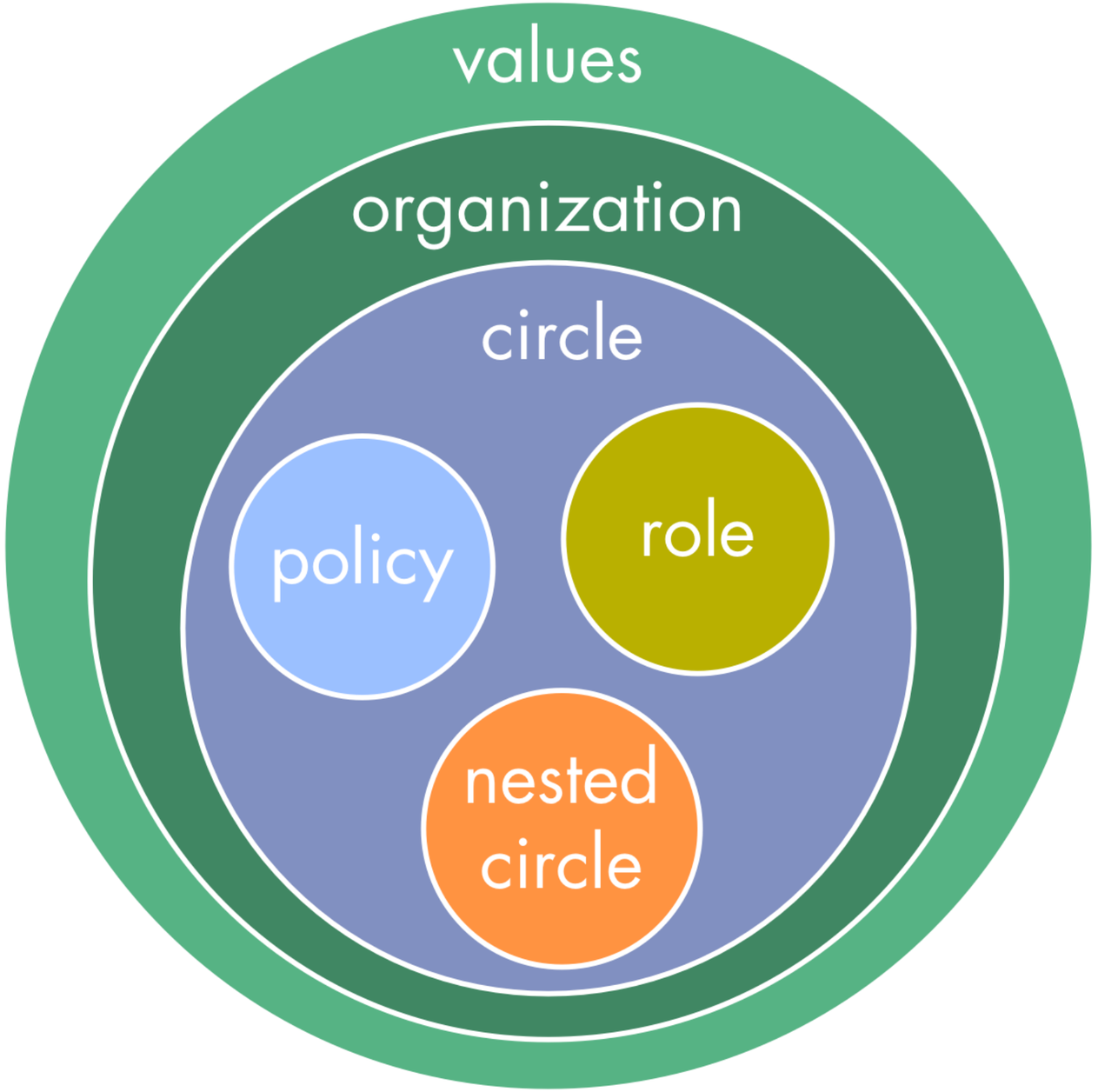
➤ drivers help you pivot if a strategy fails

Diver Defines Domain

- accountability
- influence
- autonomy



Nested Drivers ➤ Nested Domains



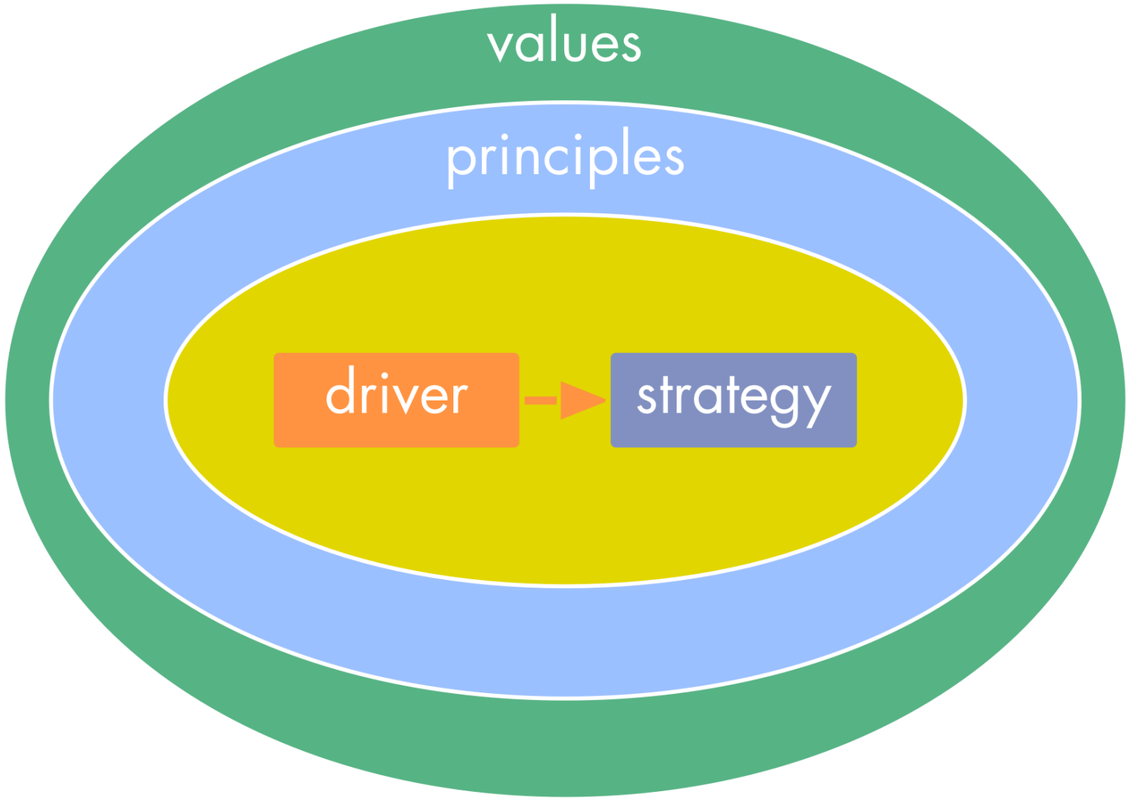
Tensions

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

Tension ➤ Driver ➤ Policy

Organizations and Values

S3 Organization



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 Words On…

- Logbooks
- Entering and Leaving an Organization
- Compensation and Dividends

Evolving Organizations

Why Evolve?

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

Create a Pull-System for Evolution

- full engagement is voluntary
- meet people where they are and slowly bring everyone on board
- **invite people** to participate in **experiments** to demonstrate effectiveness of new practices
- spread a **culture of continuous improvement** throughout the organization

Now what?

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

Follow us on twitter: @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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