Outlandish, a worker coop using sociocracy.

Lessons from two attempts of implementing sociocracy

Summary: This is a case study about a digital/tech worker co-op in the UK that adopted sociocracy to help spread responsibility and accountability for new business and operations across the firm. The founder, Harry Robinson, is part of a new coalition of tech co-ops in the UK, some of which are using sociocracy.

About Outlandish:

Outlandish is made up of approximately 20 collaborators and co-owners who build digital applications and websites for companies, charities and universities. The company specializes in web applications and websites that make large amounts of data easy to manage through beautiful interfaces. They love ambitious and innovative projects that help their clients manage money, build social movements, publicize research and engage people with poetry. From the outside, they look like a freelancer's collective, but internally, they operate more as an agency.

The Company's Structure:

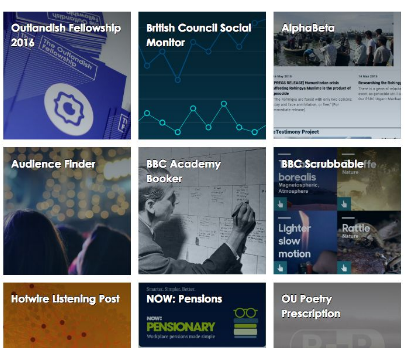
According to Harry Robbins who I interviewed in October of 2016, the company started out about 6 years ago between Harry and a partner. Initially they formed a limited liability partnership but knew right from the beginning that they either wanted it co-owned or *not* owned at all!! In April of 2015, they incorporated as a formal worker's co-op. And, while they have not made sociocracy a part of their official articles of incorporation, they have been operating as a sociocracy for some time now. The reason they did not incorporate sociocracy by-laws into their official legal structure is that in UK incorporation law, they are subject to the same oversight agency as are banks and it was too difficult and costly to try to explain what sociocracy was. While they are legally a workers co-op subject to majority vote, they operate as a sociocracy.

The crisis that brought sociocracy In:

It was the 5th employee they hired that began to wake them up to the ultimate way they would organize themselves. Because this person proved difficult to work with they realized that they didn't want to make everyone an owner/partner. Thus they then started having partners AND employees. Very quickly they began to have differences of opinion about the direction the company should take. There was a general feeling among the partners that it was Harry who was really running the company and that he wasn't giving them an opportunity to do it the way they saw fit. Harry felt his partners would be too conservative in running the company and they thought he wasn't being conservative enough.

He had heard of sociocracy from a colleague he met at a business course and decided to hire a Sociocracy consultant, Pete Burden from Conscious Business People, to train his company in Sociocracy. In preparation for this effort, Harry read John Buck's C*reative Forces of Self Organization* and *We the People*. Unfortunately, this exposure to sociocracy set him up for thinking that it would solve everything. The case stories had him think that sociocracy would be a breeze to implement and would take care of all of his management problems.

So, when Harry first tried to implement it didn't work out so well. He did what he thought he had to do. He relinquished control so that others would step up and take more responsibility.



In the past, of course, Harry had felt responsible for everyone in Outlandish having a job. But, as soon as he stepped back, suddenly everyone was running out of work and there was even an instance of a project costing the company more money than it was bringing in. Something had to give. The company was going under fast. Harry decided to take back control for a while and he suspended their experiment with Sociocracy.

Taking a hiatus from Sociocracy:

During this period, it became clear that the company needed to make a distinction between who was a member/co-owner vs. an employee. In other words who had their hide on the line? This would prove to be important during their second try with Sociocracy. This decision was important also in certain decisions about profit sharing. It was decided that employees would share equally in the profits, but if there were losses, the members would take the hit. This then allowed a new structure to come into being whereby those co-owner/members would populate the top circle in sociocracy and be in charge of the major and long-range decisions since they had most to lose.

They now have the structure with 8 circles shown above which seems to work well for them: A Member or Coordinating Top Circle, a Finance, Business Development/Sales, Marketing, Resourcing/PM, HR, Technology, and a Communications Circle. (Note that the double linking is achieved (currently) by virtue of the fact that they have lots of circles and relatively few people. They don't have any formal reporting roles between circles as of yet.)

How they got trained in Sociocracy:

They were initially given 4 consulting sessions with a consultant. During the first session, they used the consent process to consider a series of made up questions such as what sorts of firms they would not want to work with due to ethical considerations. The final 3 sessions were facilitated by the consultant and taught them how to make decisions using the consent method.

As they have grown and had more cash flow, they now use their consultant for 3 days a month. Sometimes new people need to be trained and sometimes circles do not quite get the decision-making process right.

Also, there are two streams being exposed to sociocracy: 1) employees who work on project teams who might only be nominally exposed during team meetings and once in a while in larger company-wide meetings and, 2) partners who are hired specifically to come on board to be co-owners. The partners are given 15 months exposure to sociocracy too master it before they are made official co-owners. For anyone to be made a co-owner, the others must ratify the decision.

Lessons learned with Sociocracy:

Probably the most important lesson learned is that it is essential to be clear where decisions are made. That was why it was important to clarify who was a member/owner and who was an employee. “Who are the pigs and who are the chickens…who has cash on the line, and who doesn’t.”
Having a defined membership, and being clear about every circle’s domain and authority is a lesson Outlandish learned in their years of experience.

This case study was written by [Linda Ellinor] as part of her contribution to the [Sociocracy Leadership Training].

Sociocracy For All