

WorldBlu Shifts Goal to Reach 1 Billion People

2010 List of Most Democratic Workplaces a fulfilling 'proof of concept'

By Jennifer Higgs

WorldBlu, a company specializing in workplace democracy, has shifted its goal from seeing the creation of 20,000 democratic workplaces by 2020 to reaching 1 billion people employed in a democratic workplace during founder and CEO Traci Fenton's lifetime.

"We have a huge goal before us but I really think it's possible," says Fenton, adding she hopes she has a "nice, long life."

She says rather than having 20,000 companies that could have five people in each the goal has shifted to focus on the number of people impacted through working at a democratic company.

"When you create an environment in which people can feel valued and feel a sense of self-worth, they're not invisible, that sense of self-esteem and self-worth and value and importance does impact the global community," she says.

"I think that's why we want to focus on the people

— from a business standpoint we know there is a bottom line impact to the business, from the social standpoint . . . you are going to have people who are happier, you are going to have people who are healthier because they are happier at work," she says.

Fenton points to research from the Gallup Organization that shows a correlation between increased engagement at work and health. When people are happier at work they are likely to be more engaged in their communities, be better parents and better citizens, she notes.

"There is that ripple effect of working this way that's hard to quantify but you certainly feel it when it's not there," says Fenton.

This year 44 organizations won a spot on WorldBlu's annual Most Democratic Workplaces List, recognizing companies for their organizational democracy practices.

Among the winners is HCL Technologies based in Noida, India, with nearly



Traci Fenton

60,000 employees worldwide and more than \$4 billion in annual revenue. The company has double the number of employees compared to the next largest on the WorldBlu List.

Fenton says HCL Technologies is a fulfilling "proof of concept" that organizational democracy does work in all sizes of companies.

"This is not some sort of idealistic manifesto for how to run a business. This is what the leading companies in the world are choosing as their core operating system," she says.

Workplace Democracy Transforms Future Considerations

Consulting firm sets clear vision, mission, values, creates constitution

By Camille Jensen

Workplace democracy has played an instrumental role in strengthening the practices, culture and vision of U.K.-based consulting firm Future Considerations, says senior consultant James Shaw.

While the firm won a spot on the 2010 WorldBlu List of Most Democratic Workplaces, the move to practising workplace democracy has been a

journey. For example, in 2009 the company applied for the WorldBlu List, but did not make the cut.

According to Shaw, the company realized the need to make the move to workplace democracy while facing major challenges, including internal conflict, low morale and falling revenue.

Instead of pursuing growth to quell the crisis, Shaw says the company

decided to hold a five-day all-hands company meeting. Titles were dropped and all staff members sat in a circle to "hash-out the issues" before moving forward.

The process that involved frank, honest discussions took courage and resulted in some staff members choosing to leave, but the result was Future Considerations deciding to radically transform itself

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How Does Zappos Operate as a Democratic Workplace?

Cruise ship captain describes key democratic features of online retailer

By Michelle Strutzenberger

When the decision was made to formalize the core values of the online retailer Zappos, every one of the company's approximately 1,800 employees was asked for their input on what those values should be.

"For us, it was important that our employees had a say in our core values since we were going to require them to live and breathe those values,"

says Jamie Naughton, whose role as "cruise ship captain" involves managing many of the culture extras for which Zappos has become known, such as employee recognition programs, parties and events.

She refers to this situation as an example of how the company's commitment to the principles of organizational democracy shapes what happens in the workplace.

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HCL Adopts Workplace Democracy, Grows 21% Year Over Year

CEO says changing the 'how' a major strategic advantage

By Camille Jensen

Five years ago HCL Technologies was looking for a way to climb the ladder of success.

The firm was not at the top of its field and realized the need for a new approach to create a sustainable, competitive advantage. That's when the company discovered its "blue-ocean thinking" that would begin its transformation — workplace democracy.

The Noida, India-based company is a first-time winner and the largest organization to be awarded a spot on the WorldBlu List of Most Democratic Workplaces.

According to HCL CEO Vineet Nayar, workplace democracy is a necessary change because the command-and-control model simply doesn't work in a knowledge economy.

"In a manufacturing setup

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Namasté Solar Commits to Democratic Model

'It's the only way to do business'

By Jennifer Higgs

Namasté Solar CEO Blake Jones still gets goosebumps when thinking about a transformative decision the company went through two summers ago.

With the solar industry quickly growing despite an economic recession, the 100 per cent employee-owned company was getting a lot of calls from interested investors. At the time, Jones recalls seeing more

competition in the market with many companies planning to expand with a "bigger is better" mentality.

Meanwhile Namasté Solar employees were getting burnt out. Jones says there was the desire to slow down growth and continue its democratic, employee-owned model without external investment.

Becoming a "perfect storm" situation, the company held

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Zappos Culture Focuses on Transparency

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Asked to define what organizational democracy means to Zappos, Naughton puts it this way: “Every employee has a voice and an extra role in the success of the company.”

To support that happening, the company aims to be as transparent as possible.



Jamie Naughton

“For us, it’s really looking at what most companies consider confidential and asking why, why is this confidential?”

“Why can’t our employees know this piece of information or that piece of information, and really putting no limits on the information that you can share with employees,” says Naughton.

Every one of the employees receives a daily report detailing how much Zappos has made, what the monthly goals are, how close the company is to reaching those goals, how much they’re spending on shipping and so forth.

The idea is that the more employees know, the better-positioned they are to contribute to the company’s success.

Part of the impetus for providing this report — particularly the inclusion of the monthly goals — came during the recession when the company was struggling to meet investor and owner expectations.

“Now employees can see whether we’re meeting (the goals) or not, and if we’re not meeting our goals, then we can make small changes

throughout the month to help the company in the long-run,” says Naughton.

Transparency is a key principle of organizational democracy, as defined by WorldBlu, a leadership and design business studio committed to driving the democratic workplaces movement.

Zappos also has built a workplace culture that values hearing from employees, welcoming their opinions and ideas and surveying them for input on certain company decisions.

The collaborative work on the company’s core values is one example of this.

While employees don’t contribute to every single company decision, honest feedback on any decision is encouraged.

“The root of democracy for us is that every employee can be honest,” she says. “So they always have a voice whether they like something or they don’t.”

Beyond transparency, participatory decision making and openness to ideas and opinions, Zappos also fits the bill on every other one of the principles of a democratic workplace as identified by WorldBlu, says Naughton.

“There are 10 principles for organizational democracy and I think each one of those is very important. Even though we have our own 10 core values, they can be represented in each one of these principles,” she says.

“We live organizational democracy at our core.”

Even the company office is structured in the spirit of democracy. Everyone, from the front-line staff to the company CEO Tony Hsieh, sits in an identically-sized cubicle.

Hsieh will be sharing more about Zappos’ commitment to organizational democracy at the WorldBlu 2010 awards event in Las Vegas.

Employees First, Customers Second

Continued from front

the value was fully being created in the head office of the manufacturing centres. But with the advent of the knowledge economy the value is being truly created in the interface of the employees and customers,” he says.

“And when (the value zone) moved far away from the control hierarchy, the structure became quite irrelevant.”

With this understanding, HCL, which employs more than 60,000 people, embarked on a journey to transform its workplace, turning its power structure on its head to “infuse and empower” front-line staff members.

The new model is described as an inverted pyramid, and is referred to as employees first, customers second.

Nayar says having management focus on enabling employees while being accountable through company-wide reviews ultimately benefits the customer.

“We as management are focused on delivering the highest value to customers by focusing on the employees,” he says.

Employees in turn are



HCL Technologies CEO Vineet Nayar talks to team members at a company-wide town hall at one of the India offices.

given operating budgets and asked to “ideate” and create change instead of looking to management for answers. Nayar refers to this process as “systematically transferring ownership” from leadership to the front lines.

In addition, he says the organization looks to build a culture of trust founded on transparency, a key element to a thriving workplace democracy.

He says HCL strives to continually push the envelope of transparency through sharing information, asking questions and raising issues — which are answered on a company blog and not being afraid to wash its dirty laundry in public.

“If you do all that stuff

you create a culture of openness (and) a culture of transparency,” says Nayar.

The model has had impressive results. Since beginning the process five years ago the company has grown 21 per cent year over year. Nayar adds this double-digit growth came at a time when other tech firms were experiencing a recession and decreasing growth.

“That is proof enough that employees first, customers second as a concept works, and that’s what democratization of the organization is all about.”

Nayar is publishing a book based on HCL’s success entitled *Employees First, Customers Second*.

Democracy, Employee Ownership Leads to Success

Continued from front

a series of mini retreats to discuss whether to sell the company, change course or



Blake Jones

take on external investment.

“It was such a difficult, intense series of conversations and people were very emotionally charged, energetic, passionate, a lot of us were just exhausted

and scared,” says Jones.

Through the process the team stayed true to its one person, one vote decision-making model. Jones says democracy involves discussions to deliberate decisions, which can at times be frustrating but overall is a “good thing.”

The group made the decision to recommit to its existing model and decline the tempting investment offers.

“That recommitment to our model was a really energizing, transformative experience for us,” Jones tells *Axiom News*. “We still reference that summer regularly.”

Namasté Solar is passionate about workplace democracy and employee ownership, and Jones attributes these approaches

to giving the company a competitive advantage.

“For us, it’s the only way to do business, we can’t imagine doing it any other way and wouldn’t want to, and we think that it’s a big part of the reason for our success,” he says.

Jones says he and the other two co-founders all shared the same vision for the company’s business model with the perspective that it is a better way to do business and more enjoyable.

The Boulder, Colorado-based solar energy organization operates similar to a co-operative in that all its big picture decisions are made on a one-person, one-vote basis.

Namasté Solar is a WorldBlu 2010 Most Democratic Workplaces winner.

Democracy at School

Colorado-based The Link School is the first school on the WorldBlu List. The school uses a consensus decision-making model where students and staff have equal input.

Think Fridays

WorldBlu winner Chaordix brings together its team members every second Friday to share what’s working and what’s not, discuss wins and losses, notice people’s efforts and solicit input.

Democracy at NixonMcInnes

NixonMcInnes embraces openness and transparency as part of its monthly board meetings, with two seats at each meeting reserved for team members who want to attend.

What Can Pirate Crews Teach About Workplace Democracy?

Software firm Nearsoft considers creating constitution to align staff with mission

By Michelle Strutzenberger

While the software firm Nearsoft has won a spot again on the 2010 WorldBlu List of Most Democratic Workplaces it continues to grapple with how to best align staff with its mission and democratically establish rights and responsibilities, without reverting to the command-and-control model.

Nearsoft's chief operating officer (COO) Matt Pérez says perhaps pirates have something to teach them in this regard.

This past year the Hermosillo, Mexico-based company dissolved a board it had established that was supposed to provide a space for a group of employees to contribute to decisions about company operations and strategy.

"I think (the constitution) will bring that clarity that we lacked with the operating board but it would do it at a higher level."

— Matt Pérez, chief operating officer, Nearsoft

Pérez says one of the key downfalls of the operations board was that it did not have a clear, succinct goal and guidelines, including delineating the consequences for not participating, addressing issues or following through on decisions.

The 50-employee company is now experimenting with task-specific teams, usually around a project that needs to get done, which staff members join based primarily on their interest level and time available.

Pérez says a task force with a clear purpose, timeline and operating rules may also be formed at some point



Nearsoft team members celebrate the company's Feb. 15 birthday with an office party complete with balloons, cake and music.

to specifically address the company's strategic direction.

In the meantime, he's mulling over the idea of Nearsoft creating a constitution, after finishing a "fascinating read" about pirates, economics and workplace democracy, *The Invisible Hook* by economist Peter Leeson.

"I think (the constitution) will bring that clarity that we lacked with the operating board but it would do it at a higher level," Pérez tells *Axiom News*, noting that according to Leeson pirate crews practiced what today could be considered workplace democracy.

In a recent blogpost Pérez outlines how the principles and practices of the pirate crews line up with the organizational democracy approach spelled out by WorldBlu founder Traci Fenton.

Undergirding and influencing all pirate crew operations was a constitution they drafted which clearly defined the powers of various players, how the money would be divided, provisions for those injured in battle and so forth.

Pérez says he believes

these constitutions were vital to the success of the pirate crews in accomplishing their missions.

"There was clarity. Everyone knew what the (agreement) was, everybody signed up to (it), and everybody owned it.

"I think that kind of clarity . . . is very important for execution, for getting specific things done and doing it in a way that is not, 'Let me tell you what you're going to do,' but instead, 'Here is the goal, here is how we're (going to benefit), how we're going to share in the loot that we get out of this mission, now pick up your sword and charge.'"

The game-changer in the approach is that the crews were aligned to the mission, rather than complying with it, and the constitution helped foster that alignment, says Pérez, noting Nearsoft hasn't figured out how it might go about formulating its own constitution but it's definitely something being talked about.

In keeping with its potential emulation of pirate crew operations the firm may also consider a pirate dress code, says the COO, his accompanying laugh revealing his tongue-in-cheek.

Values Bind WorldBlu Community

Build the movement, encourage more organizations to be blu

A powerful set of values are connecting winners from this year's WorldBlu List of Most Democratic Workplaces.

Axiom News has been interviewing companies highlighted for the annual award and have discovered that while workplace democracy is as diverse as the organizations that practise it, the shared values are the glue that binds.

. . . these values offer a compelling alternative to the command-and-control model — one we think a majority of people would choose if given the choice.

Some values that popped up through our coverage include:

- Empowerment
- Transparency
- Respect
- Meaningful work
- Work-life balance
- Fun and happiness

Combined, these values offer a compelling alternative to the command-and-control model — one we think a majority of people would choose if given the choice. In fact, many WorldBlu winners have told us that being democratic has helped recruit and retain top talent.

We've also learned that

many democratic workplaces didn't realize they were practising workplace democracy until discovering WorldBlu.

That makes us believe there are a great deal of other associations and organizations that embody similar values that when aggregated could strengthen the growing worldwide movement.

Some that immediately come to mind are co-operatives, employee-owned companies and emerging movements like holacracy.

But there are more.

We'd like to see this movement continue to grow by encouraging like-minded businesses to join a diverse and innovative community.

If you're wondering whether you work in a democratic organization consider questions like;

- Are employees informed of the financial health, strategy and agenda of the organization?
- Do employees have choice over how or when they get their work done?
- Are responsibilities clear?
- Is everyone treated with fairness and dignity?
- Is communication open?

By embracing a broad range of democratic businesses we can help promote a powerful set of values that contribute to better organizations, citizens and communities.

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DuPuis Digs Democracy

"It's very exciting to come to work every day . . . Everybody is really energized about the company and the environment of the company is the best it's ever been." — Stephen DuPuis, DuPuis founder

Engaging the Movement

Axiom News is a four-time WorldBlu List awardee and has been engaging winners to share their stories on axiomnews.ca as part of its commitment to the workplace democracy movement.

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Explore Communications Naturally Embraces Democracy

'It has helped make me a better person . . . and a happier business owner'

By Jennifer Higgs

Brett Grischo recalls being amazed when he first heard about workplace democracy from WorldBlu founder Traci Fenton during a presentation at an Entrepreneurs' Organization conference.

"I don't think that work should be work, it should be fun and feel like play."

— Brett Grischo, owner and CEO, Explore Communications

"(I) was amazed that someone had organized and named and put a philosophy and all the research and stats behind what I thought I was already doing with my company anyway," says Grischo, owner and CEO of Denver, Colorado-based Explore Communications.

When Grischo returned

from the conference he talked with employees about the democratic principles and someone interrupted to ask if he had written them himself.

The team members agreed they bought into the principles and wanted to make a conscious effort to incorporate more democracy in their workplace.

Explore Communications applied for and was awarded a spot on WorldBlu's 2009 and 2010 Most Democratic Workplaces List.

Grischo says 14 years ago when he founded the media company he wanted to make sure it was a healthy and productive environment, where people enjoy working together.

"I don't think that work should be work, it should be fun and feel like play if you really love what you are

doing," he tells *Axiom News*.

"I feed off of positive energy and I know that when people are comfortable and have a good work environment and a good culture that their mind will be more fresh, more clear and they'll be able to do better work and be more productive and all of our clients will benefit," he says.

Embracing a democratic style of operating comes down to empowerment and work-life balance, says Grischo.

As a business owner and entrepreneur, Grischo says it can be difficult to trust everyone will do what they need to do and business will go on well unless he is involved in everything. But he says he realized a long time ago his success is directly related to being surrounded by good people.

"If we are all on the same page with this, that

empowerment is going to have everyone feel like they are running their own company," he says.

"(At) the same time we need to collaborate and work together and hold each other accountable," Grischo says, adding he enjoys the "twists and turns" of living out workplace democracy.

Grischo says a powerful example of organizational democracy is how he is able to live out his personal life. He moved from Chicago to Colorado, which has an outdoors lifestyle. While at one time he was nervous to take vacation, because of the democratic working environment he says he feels confident that all team members are working together for success and he is able to enjoy taking time away and be with his kids.

"It has helped make me a better person, a better father,

a better family man, a better friend, and a happier business owner, that's for sure," he says.

Explore Communications is now working towards being more conscious of their workplace democracy practices.

"This year it's really moved up our priority list to be more conscious about it," says Grischo.

As part of a new initiative, each month the company will focus on one of the 10 workplace democracy principles, posting it on a community board at the front of the office for people to add examples of how the company practices the principle, give kudos to team members who live out the principle and suggest new ideas.

The board will reinforce what the organization is already doing while making members more conscious of them, says Grischo.

'Reversing the Hierarchy'

Continued from front through its commitment to democratic processes.

The company drafted a constitution that combined previously written conventions to serve as a code of conduct moving forward. The constitution — which contains Future Considerations' renewed mission, vision and values — was ratified by staff members late last year.

Everyone in the company now exercises a one-member, one-vote policy for all major decisions, including approving Future Considerations' annual budget, major variations to the budget and the election of its leadership.

Shaw says this process, called the company circle, is a major defining point of their workplace democracy approach because it emphasizes that certain decisions should be owned by the entire company.

"The organization is the sum of all its parts and stakeholders, not just the board or key shareholders and there are certain decisions that should be made by the whole organization," he says. "It's not about eliminating hierarchy entirely; sometimes it's



James Shaw

about reversing the hierarchy."

In the company circle, each staff member's performance is reviewed and bonuses are distributed based on the group's assessment.

Financial data, including expenditure and debt are discussed during weekly staff meetings and are made available on its intranet site. The company is also considering implementing employee ownership through a stockholding agreement.

"Our culture, performance and results all reflect powerful, positive changes," states a Future Considerations press release. "Our organizational structure has been renewed and strengthened, reflecting the purpose and flexibility that our times demand.

"Plus, we have received more requests for work and partnership than before."

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