

Bosses are a bad idea

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What is the secret of WL Gore's success? The high-tech materials company, creator of Gore-Tex fabric, sophisticated surgical products, cables and more besides, is committed to manufacturing leading-edge products through advanced engineering.

You would think it is a pretty tight ship. But no. "It's a very chaotic environment," declares Terri Kelly (*pictured below*), the company's chief executive officer, with obvious pride. And there's more. "For some reason, management just never took hold in our company ... we don't like the 'manager' word ... we get very angry when people call [the staff] employees ..."



So there you have it. If you want to achieve 50 years of almost continuous growth, you now know what you have to do: abolish management and get rid of all the employees.

That is easy for Ms Kelly to say. When WL Gore was founded, by husband-and-wife team Bill and Vieve Gore in 1958, they were able to invent a corporate culture from scratch. Five decades on, and with 8,600 "associates" (never employees) in place around the world, that culture remains intact. With sales of more than \$2.5bn a year, it is a successful culture, too.

Wacky companies around the world – as viewed by Gary Hamel

On Whole Foods Market, the organic supermarket chain:

"Imagine a retailer where frontline employees decide what to stock; where the pressure to perform comes from peers rather than bosses; where teams, not managers, have veto power over new hires ... Try to envision a company where everyone knows what everyone else gets paid, and where senior execs limit their pay to 19 times the average wage."

Semco, the Brazilian manufacturer:

- Has dismantled its corporate HQ. It now has only a small executive lounge, with no one permanently based there.
- It lets its workers choose their own hours.
- It allows many staff to set their own salaries, and publishes details.
- It has no policy on employee travel: travel as you like – as long as you can justify it to colleagues.

Google

The Google ground rules (over and above "don't be evil") include:

- A company that feels like

grad school.

- No bozos to be hired.
- A flat, decentralised structure.
- Small, self-managing teams.
- Freedom to do your own thing.
- Rapid, low-cost experimentation.
- Differential rewards.
- A continuous, company-wide conversation.

The corporate hierarchy at Gore, such as it is, is almost completely flat. No one gets to tell anybody else what to do. Decisions are reached by agreement, not diktat.

Leaders emerge through a democratic process rather than being appointed from the top, and peer appraisal is crucial to both salary levels and career advancement.

Business units, based around specific products, never grow too large. As soon as they do, they are split up. Bureaucracy is kept to a minimum. Teams are self-organizing. Even the appointment of the new CEO three years ago was a group decision, with the opinions of dozens of staff members being sought. It certainly came as a surprise to Ms Kelly.

“I wasn’t expecting it,” she explains. “I was as shocked as the next person. But I think more importantly it just reinforced [the fact] that our values and the peer review is very much alive and well, whether you’re the CEO or whether you’re starting new to the company.” Ms Kelly has been with Gore ever since getting her *summa cum laude* degree in mechanical engineering in 1983 (no MBA for her).

But surely it changes you, getting the top job, even in a non-hierarchical setting? “It’s not a title where you’ve got assumed authority or control, you really have to earn that every day,” Ms Kelly says. “So for me, I haven’t really changed ... I’m sure there are folks who look at me [differently], more so externally than internally, frankly. But internally, it’s still very much the same leadership model that all of our successful leaders subscribe to, which is you have to sell your ideas, even if you’re the CEO. You have to explain the rationale behind your decision and do a lot of internal selling.”

Most democracies have general elections every four or five years. Companies cannot take that long to make up their minds on what to do next. But if Gore is organized on almost democratic grounds, does not all this labored, consensual decision making take far too long? Ms Kelly thinks not. Yes, it may take longer to reach a decision. But once it is in place, it is pursued energetically.

“I think that what you find in a lot of companies is that if there isn’t true support for the decision, it gets undermined along the way,” she says. “In fact, it may never come to fruition. So on the one hand you’ve made a very quick decision – ‘We’re going to go to China’ – but then you’ve got all kinds of resistance.”

Bill Gore left DuPont to found his own company at the age of 46. He drew inspiration from Douglas McGregor’s *The Human Side of the Enterprise*, which was published in 1960. This book discussed two management approaches – theory X and theory Y. Theory X managers believe that employees are really only there for the money and will do as little work as they can get away with. Theory Y managers believe that people are self-motivated and keen to find meaning in their work. Guess which theory Gore found more attractive.

Hence the company's squeamishness about "employees" and "managers". It wants to go beyond a narrow transactional relationship between those who lead and those who follow. "Bill Gore had that vision right from the beginning, that everyone participates in the growth of the company, everyone's a shareholder of the company ... it's a partnership, and you are part of that enterprise. So the language is important to Gore," Ms Kelly says.

Gore is not the only company to experiment with management conventions. Semco, Google and Whole Foods have all challenged the orthodoxy (see below).

But flat hierarchies can be confusing to traditional managers. "When you invite 'the head, the heart, the spirit' of associates, you get the normal dynamic of teams forming and storming and so it's very chaotic," Ms Kelly says. "Do the leaders have the stomach for that? It doesn't mean you can't put discipline in place, but you have to be willing to almost give up power. For many folks, giving up power and actually tapping into the knowledge, and not being a person that's in control and ultimately the decision maker, is scary."

In Gary Hamel's book, *The Future of Management*, he quotes a Gore associate, Rich Buckingham, who sums up the company's approach. "We vote with our feet. If you call a meeting, and people show up, you're a leader."

As a family-controlled business (but with high levels of associate ownership), Gore is free to pursue its own idiosyncratic methods. But there are risks with this cult-like style of doing business. Newcomers may find it too alien. There could be intolerance for those who do not grasp the Gore way. And the denial that "command and control" management might on occasion be necessary could sow confusion when decisive action is required.

As a private company, Gore is unused to journalistic scrutiny. When asked about Gore's contracts to provide the fibers for Wimbledon's new retractable roof, a startled Ms Kelly replies: "No one's supposed to know about that. How did you find out?"

Still, loyal Gore associates remain permanently on message. "If you tell anybody what to do here, they'll never work for you again," one of them told Prof Hamel. Telling people what to do? Now, who on earth ever thought that could possibly be a good idea?

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