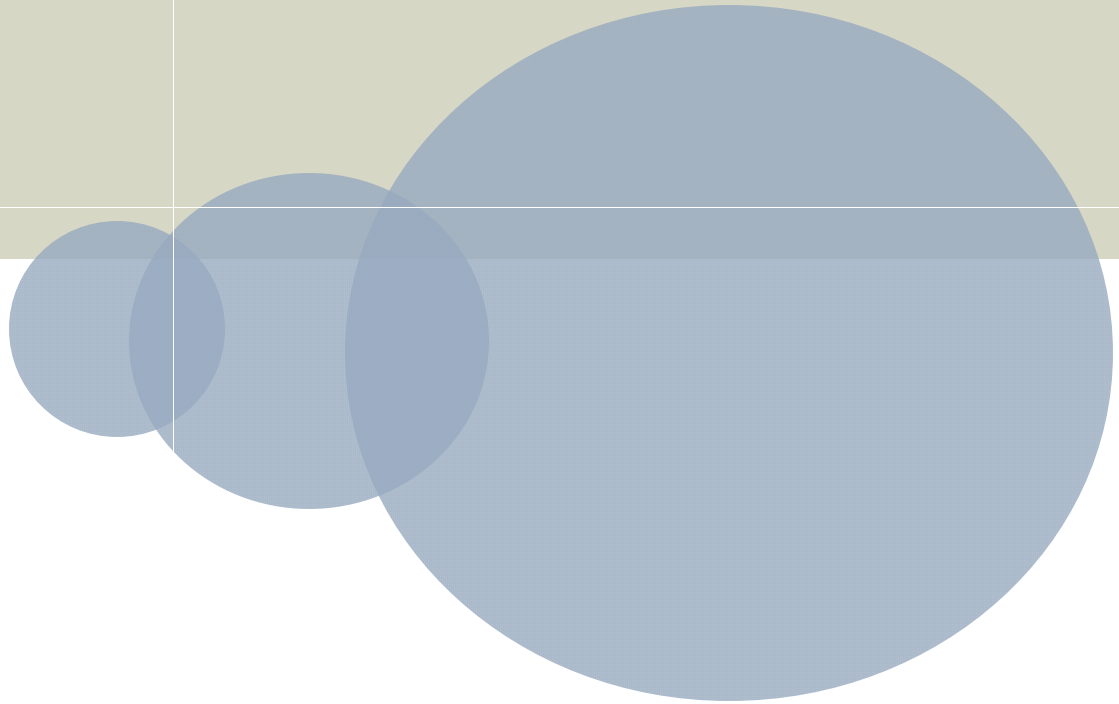


Organization at the Leading Edge: Introducing Holacracy™

By Brian J. Robertson



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Evolving Organization

Holding the Question

Six years ago, two colleagues and I launched Ternary Software, Inc. to help other organizations bring software to market using highly-effective “lean” processes. Although the business vision we pursued was common enough, we launched the company with an uncommon question. Our prior experience in modern organizations was profoundly unfulfilling, and we had a deep driving sense that there must be a better way. We wanted to know: “How can we live and work together in a more full, more embracing, more powerful way?” We weren’t looking for another incremental improvement or new techniques within existing models and structures; we sought an entirely new tier of organization and shared meaning, one which rewrote the most basic rules of human engagement. Although we had no idea what the answer to our question actually was, we already had the most important ingredient in finding out – we had the question.

And so we ventured forth into uncharted territory, holding the question as an ever-present imperative while we built the company. Along the way we ran into all the usual questions and challenges of building an organization and working together, from how to organize and govern ourselves to how to plan and manage our projects. But we refused to turn to the usual solutions. We refused to lessen the pain of an ad-hoc approach by adopting solutions we knew would be helpful but partial. Instead we held the pain and let it wash over us – we’d carry it, feel it, and dwell in it. We’d walk a razor’s edge between letting the pain kill us and mitigating it too early with the typical solutions. And every time we’d go through this pattern, eventually, once we understood the pain more deeply, something remarkable would happen: a piece of our answer would emerge – we’d find a way to resolve the usual organizational challenge at an entirely new level.

We repeated this process again and again over many years. Each challenge we overcame showed us a new piece of our answer, and so we’d weave it into an emerging tapestry of a new way of living and working together. After awhile it became clear that each piece related to all of the others – each aspect of our emerging organizational practice was reinforced by all of the other aspects, creating a powerful whole-system shift from what we were used to.

Organizational Challenges

As we began our journey, we quickly ran into all the typical challenges faced by a growing organization. We learned that whenever two or more people work together towards a common aim, they will organize to do so somehow – organization now exists! Even before we discussed or officially recognized that organization, it was still there, and with it came questions and expectations. Questions like:

- Who will make which decisions? How? Under what limits and with what input?
- Who will tell whom to do what? When and how, and under what limits?
- Who will handle what work, and what processes will we follow to do the work?
- When and how will we deviate from the established process, and who will make that call?
- How will we go about answering all of these questions anyway, and how and when will we update the answers as our situation changes?

We also found that there were answers to these questions actually operating in the organization, even before we had ever discussed them! Along with these implicit answers came more specific expectations, also often implicit. For example, I may expect my coworkers to arrive at meetings on time, or my manager to provide coaching and feedback when needed, or my administrative assistant to fax something upon request. Whenever we're in relationship with others to pursue a common aim, we have expectations – in fact we must in order to work together effectively to reach our goals!

Thus, we needed an effective approach for answering these key organizational questions.

Existing Options

We started by considering our existing options. In a modern corporation, there is a limited democracy in place externally – the shareholders elect board members by voting their shares, and the board in turn appoints a CEO by majority vote. From there, all decision making and expectation setting is autocratic, and the CEO has near supreme power. Typically the CEO delegates some of his power to managers, creating what is akin to a feudal hierarchy. This hierarchy steers the organization through top-down, predict-and-control planning and management. Those lower in the hierarchy have virtually no voice except by the good graces of those above, and no official way to ensure key insights or information they hold are incorporated into plans or policies. We had seen firsthand how limited this system can be – even at its best it tends to be inflexible to change and ill-equipped to artfully navigate the complexity most businesses face today.

Our real challenge of course wasn't in seeing the weaknesses of the modern approach, but in coming up with a worthwhile replacement. We saw some companies attempting to skip an explicit power structure or use only a minimally defined one. That may work to a point, though with no explicit power structure in place, one will implicitly emerge over time. Decisions need to be made and they will be made, one way or another, and social norms will develop. The best you can hope for at that point is a healthy autocratic structure of some sort, though more often organizations using this approach end up with something far more insidiously dominating and ineffective.

So, perhaps we try running the organization via consensus? That doesn't scale at all, and the time and energy required is often so impractical that the system is bypassed for most decisions. That leaves the same problems as having no explicit structure and sometimes even worse, as consensus can pull people towards an egocentric space. What about some kind of internal democracy? Democracy often results in the same challenges and inflexibility as autocracy but with a higher time-cost. To make matters worse, the majority rarely know best, so you're stuck with ineffective decisions on top of the other downsides of autocracy.

While each of these approaches has some merit, none are highly effective at harnessing true self-organization and agility throughout the enterprise. None provided our answer, and so we began building our own approach, bit-by-bit.

An Integral Approach

Fortunately, we did have a few ideas of where to begin searching for our better way. The founders all shared a rich background in using several models of psychological type to better integrate human differences. The models we used and the methods we practiced were extremely deep – well beyond the more common approach of using less holistic models just to label and stereotype. Through our work with type at this deeper level, we had come to see that different type patterns tended to naturally “tune in to” different aspects of reality. Each resonated with different “fields” of very real information and value. And we had seen firsthand the powerful results that came when an

organization learned to effectively harness and integrate even a few of these fields of information simultaneously.

We sought to go a step beyond that – to find a way to simultaneously harness and integrate the value that every single type pattern naturally attuned with. Even the ones that seemed opposite or conflicting. As just one example, there are those who prefer to integrate as much information as possible to get the best result possible, and there are those who prefer to make quick decisions to get an achievable result now. On the surface these look at least partially in conflict, and usually in organizations they are. And yet our gut feel told us they didn't have to be, and that finding a way to integrate them would lead to vastly improved organizational effectiveness – not to mention a compassionate and embracing environment for people of all types to work within!

In addition to embracing and harnessing the value each type pattern attunes with, we also sought to create an organizational environment capable of working effectively with the interiors of individuals and the cultures they exist within; in other words, emotions, aspirations, purpose, values, shared meaning, language, etc. – all those wonderful internal things about being human and in relationships with others. We also put a strong focus on the exterior behaviors, practices, systems, and processes that are the more typical emphasis in the modern business world. As we began growing the company beyond the initial founders we brought on board people at different stages in their life's journey, and we saw firsthand the value in eliciting the best from all of them. And so embracing folks at any stage or space of individual development became a goal, and other similar goals arose over time as well. Although we didn't have the language for it when we started the company, we would later come to realize that we sought a more integral approach to living and working together, and our journey would uncover exactly that.

Introducing Holacracy™

What is Holacracy?

Holacracy is not a model, idea, or theory. Holacracy is a practice. A practice is something we engage in, something we do, and something which affects us when we do it - like weightlifting, or meditation, or any of the thousands of transformative practices we engage in. Unlike those, Holacracy is a practice for organizational entities, not for individual humans or even groups of humans. And even though it's not directly about them, the practice benefits them and is expressed through them – they are the muscles for the organization's weightlifting.

Holacracy explores a new tier of organization and culture only recently available to us, and so it is a new practice, one still emerging, and one which takes us into territory still largely unexplored. Fortunately, those organizations practicing Holacracy now have begun to map some of the contours of this new territory, and there is much we can say. It is about living and working together in the fullest possible way, and evolving the organizations and cultures we exist within to the next step along their natural evolutionary journey. It is about embracing everything we've learned so far about human organization and culture, and at the same time seeking to fundamentally transcend all aspects of our current organizational and cultural norms. It is about regrouping around a profoundly deeper level of meaning and capability, so that we can more artfully navigate the increasing complexity and uncertainty in today's world, while more fully finding and expressing our own highest potential. Holacracy is about relating and organizing in ways that enable and sustain this quantum leap – a shift to a new level of organization and culture as fundamental as the leap from the feudal systems of old to the democracies of today.

Like many other practices, it is difficult to fully understand Holacracy cognitively, without actually experiencing it. I've read quite a bit about proper diet and exercise, and much to my dismay it just isn't the same as actually doing it! So it is with the practice of Holacracy, and the experiences it can generate. Though perhaps you've already had an experience of something profound in human organization and culture, or a hunger to taste what it might be like to live and work together in profoundly new ways? If so, I invite you to read on and learn more about Holacracy, and then try it for yourself!

Why the Trademark?

I'm often asked why Holacracy™ is trademarked, and the question is often backed by a healthy dose of skepticism or concern. In fact, not only is it trademarked, but there's also a filing underway for a process patent!

My first goal is to accelerate Holacracy's use and growth in the world, and the trademark and patent are both designed to help with that. The intent isn't to restrict or monetize general use of Holacracy™ – the company holding the trademark and patent rights (HolacracyOne) is in the process of drafting a unique public license grant for Holacracy.

The license will effectively "open-source" end-user use of Holacracy™, so individuals and companies can freely practice it without charge. The trademark and patent come into play for those wishing to sell Holacracy™ training or consulting services – for this use, HolacracyOne will collect a small fee and provide basic quality control and other assistance to the licensee.

The revenue stream will help HolacracyOne continue its public trainings and other outreach activities, and the quality control and related services will help consultants spread the practice to their clients swiftly and effectively.

Overview of Holacracy

Let's start with the 50,000 foot view of the four major aspects of Holacracy, and then dig deeper into each:

Organizational Structure

Holacracy aligns the explicit structure of an organization with its more organic natural form, replacing artificial hierarchy with a fractal "holarchy" of self-organizing teams ("circles"). Each circle connects to each of its sub-circles via a double-link, where a member of each circle is appointed to sit on the other, creating a bidirectional flow of information and rapid feedback loops. Each circle governs itself by uncovering the roles needed to reach the aim of the circle, and assigning circle members to fill them.

Organizational Control

Holacracy enhances organizational agility by improving the methods we use to control organizational activities. It helps us make decisions rapidly and incrementally with maximal information, so that we can adjust our path continuously as new information emerges along the journey. And when it isn't clear what decisions and actions are expected of us, Holacracy encourages us to take individual action using our best judgment, accept ownership of the impact, and then help the organization learn from the experience.

Core Practices

Holacracy's core practices include regular circle meetings for both governance and operations. Governance meetings help define how we will work together – they facilitate uncovering and assigning the roles needed to reach the circle's aim. Operational meetings help get work done – they facilitate effective planning and execution of the circle's day-to-day business. In addition to the core practices, Holacracy includes add-on practices or "modules" which address many specific organizational processes, from hiring to budgeting to project management.

Shared Language & Meaning

Holacracy injects powerful mental models and concepts into the organizational culture, creating a body of culturally shared language and meaning which facilitates ultra-high-bandwidth communication beyond ego.

Organizational Structure

Roles & Accountabilities

Consider your experience in an organization – who are you accountable to? This is a common question in many modern organizations, but let's dissect the question itself for a moment. Who does actually count on you? Certainly your manager counts on you, but don't your coworkers count on you too? And those you manage? What about your customers? And maybe people in others parts of the organization entirely – don't they count on you sometimes, at least for certain things? Aren't you accountable to all of them, at least in certain ways?

The question of who you are accountable to just isn't very useful – many people count on you! A much more useful question is "for what?" – what do they count on you for? When there isn't mutual understanding around this, interpersonal strife ensues. When we have different expectations of what we're counting on each other for, it leads to important needs being dropped and frustration from all parties. If there is no clear and compelling mechanism to sort out this misalignment of expectations directly with each other, then playing politics becomes an effective path to working around the system, and this pulls us further into interpersonal drama and wasted energy. Worse yet, rarely do we consciously recognize that we have a misalignment of expectations – instead we make up stories about each other, we blame each other, and the spiral continues.

On the other hand, when we have an effective process and supporting culture to clarify what we will count on each other for, we can channel the frustration of misaligned expectations into an opportunity for organizational learning and evolution. Politics become no longer useful, and the personal drama gives way to an explicit discussion of what makes sense to count on each other for.

From Accountabilities to Roles

An accountability in Holacracy is one specific activity that the organization is counting on. It typically begins with an "-ing" verb, such as "facilitating a daily meeting", or "faxing documents upon request", or "managing overall resource allocation for the company". Whenever an accountability is defined, it is also immediately attached to a Role.

Roles in Holacracy hold multiple related accountabilities in a cohesive container. The list of explicit accountabilities is detailed and granular, so we avoid the "title trap" – thinking we've made expectations explicit just by creating a job title or a place in the management hierarchy. More often than not these approaches just add to the politics and personal drama, because now we think we've clarified things, but in reality we've just created more opportunity for unconsciously assumed, misaligned expectations! In Holacracy, the title of a role becomes secondary, merely a label – the real meat that describes the role becomes the list of explicit accountabilities.

Example Role Definition

At Ternary Software, we have a "Project Manager" role, accountable for:

- o *creating and maintaining a project release plan.*
- o *facilitating creation of contracts.*
- o *invoicing clients at the end of each month.*
- o *sending a daily status e-mail to the project team.*
- o *holding a retrospective after each phase of a project.*
- o *publishing project metrics at operational meetings.*
- o *...*

One Step at a Time...

With the detailed accountabilities used in Holacracy, any given role may have dozens of accountabilities, and any given individual may fill multiple roles! If we stopped to define what all of these “should be” up-front, we’d be guessing – we’d be in danger of grinding progress to a halt, only to come up with a list that is soon out-of-date or just plain wrong from the start. Instead, Holacracy seeks to clarify accountabilities over time, as tensions actually arise from unclear implicit accountabilities or conflicts between roles. No sooner, no later – if there are no tensions arising from the lack of an explicit accountability, you don’t need to make it explicit yet (this is actually one example of Dynamic Steering in action – more on that later!).

Filling Roles

Whenever a new role is defined, it is then assigned to a member of the organization to fill and execute. This formally gives that member control to do what is needed to enact the accountabilities of the role, within any defined limits (accountability always goes with control). It also gives others in the organization the reasonable expectation that they can ask the individual to account for any of the role’s explicit accountabilities. That account may just be “I consciously chose to drop it for now in favor of this other priority”, and, as long as it’s a conscious choice, they are fulfilling their “account”-ability, though it may be a clue that something else is needed (though it is often quite normal and perfectly healthy – and if it’s not, well, someone else is accountable for ensuring that individual is a good fit for their role, and along with that accountability comes the control to change the assignment!).

Differentiating Role & Soul

In our modern organizational culture, the individual and the roles they fill are largely fused – it’s hard to separate emotions about people from emotions about the roles they fill. Sometimes the conflicts we have in organizational life are actually clashes of the roles involved, yet we mistake them for clashes between the people filling those roles. And other times we completely forget there are actually people underneath the roles we fill – people with passions and emotions and values and purpose. Sometimes our modern organizational culture ends up reducing everyone to being little more than the function they fill in the organization, missing entirely the soul behind!

A handful of more progressive organizations have recognized this danger and the importance of honoring the people side of the fusion, and tried to seriously downplay or throw out roles entirely. But the reality is we still count on each other for certain things whenever we are working towards a common aim. Roles and accountabilities exist, and denying this reality doesn’t actually help us move beyond the fusion of roles and people.

Holacracy’s approach focuses on clearly differentiating individuals from the roles they fill. An amazing thing happens as we begin this process – we are able to understand and honor each more fully, integrate the two more effectively, and directly help both person and role evolve. The more clearly we differentiate the two, the more clearly the unique soul shines through, and the more clearly we’re able to see exactly what is needed from the role. We are also able to more deftly navigate and address human issues, by more clearly seeing the inherent perfection of the individual, the inherent perfection of the role, and the mess that sometimes ensues when the two don’t line up well in manifest reality!

Circle Organization

A “circle” in Holacracy is a self-organizing team. Each circle has an aim (purpose), and the authority to define and assign its own roles and accountabilities. Each circle has a breadth of scope it focuses on – some circles are focused on implementing specific projects, others on managing a department, and others on overall business operations. Whatever the circle’s level of scale, the same basic rules apply.

Each circle is a holon – a whole self-organizing entity in its own right, and a part of a larger circle; for example, a whole project team circle may also be a part of a department circle. Like all holons, each circle expresses its own cohesive identity – it has autonomy and self-organizes to pursue its aim. Regardless of the specific area or level of scale a circle is focused on, it makes its own policies and decisions to govern that level of scale (“leading”), it does or produces something (“doing”), and it collects feedback from the doing (“measuring”) to guide adjustments to its policies and decisions, bringing us full-circle into a self-organizing feedback loop.

An Example

Figure 1 shows a view of a Holarchic circle structure for a software development organization similar to Ternary Software. Note that each broader circle transcends and includes its sub-circles, except for the Board, which is a bit of a special case we’ll discuss later.

Defining “Holon” and “Holarchy”

A “holon” is a whole that is also a part of a larger whole. The term was coined by Arthur Koestler from the Greek 'holos' meaning whole and 'on' meaning entity, and further expanded upon by integral philosopher Ken Wilber.

Examples of holons are everywhere. For example, atoms are wholes in their own right, and they are also parts of molecules, which are parts of cells, which are parts of organisms, etc. In a company, specific project teams are parts of a broader department, and departments are parts of the broader company.

Each series is an example of a holarchy, or a nested hierarchy of holons of increasing wholeness, where each broader holon transcends and includes its sub-holons. That is, each broader holon is composed of and fully includes its sub-holons, yet also adds something novel as a whole and thus can't be explained merely as the sum of its parts.

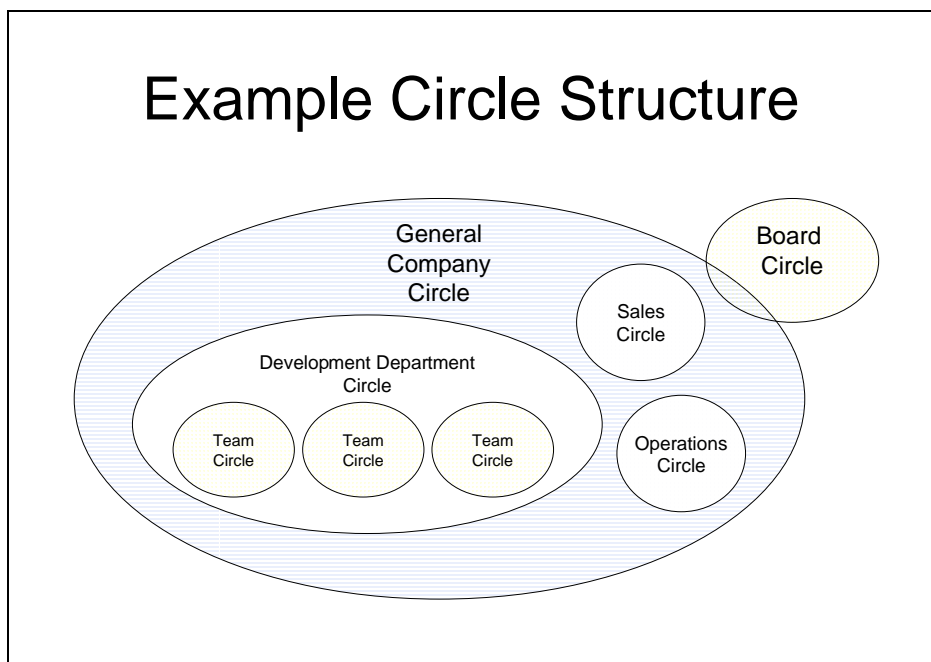


Figure 1: Ternary Holarchic Org Structure diagram

Now let's look at a more familiar view of the same company's org chart in Figure 2. Holacracy doesn't obsolete this traditional org chart, although the view is now incomplete (and it has a subtly different meaning within Holacracy's cultural context).

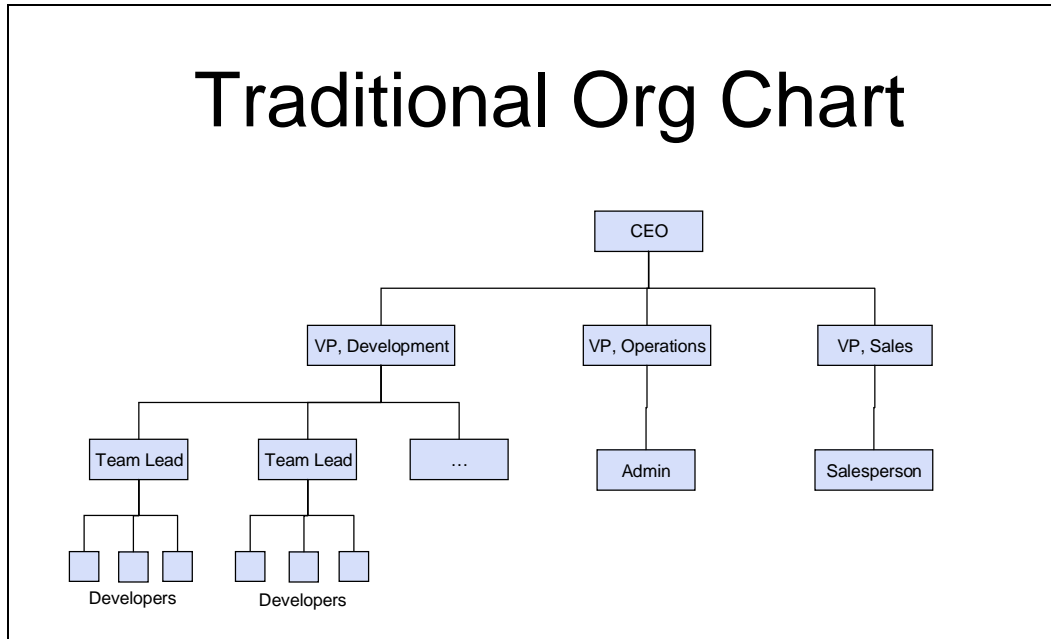


Figure 2: Ternary Traditional Org Structure diagram

Figure 3 brings these two views of the organization together, by overlaying the circle structure on top of the traditional org chart. This is really the same view as Figure 1, just taken from a different angle. This view also shows how a manager serves as a connection or conduit between a broader and more focused circle (note how both circles overlap the manager role).

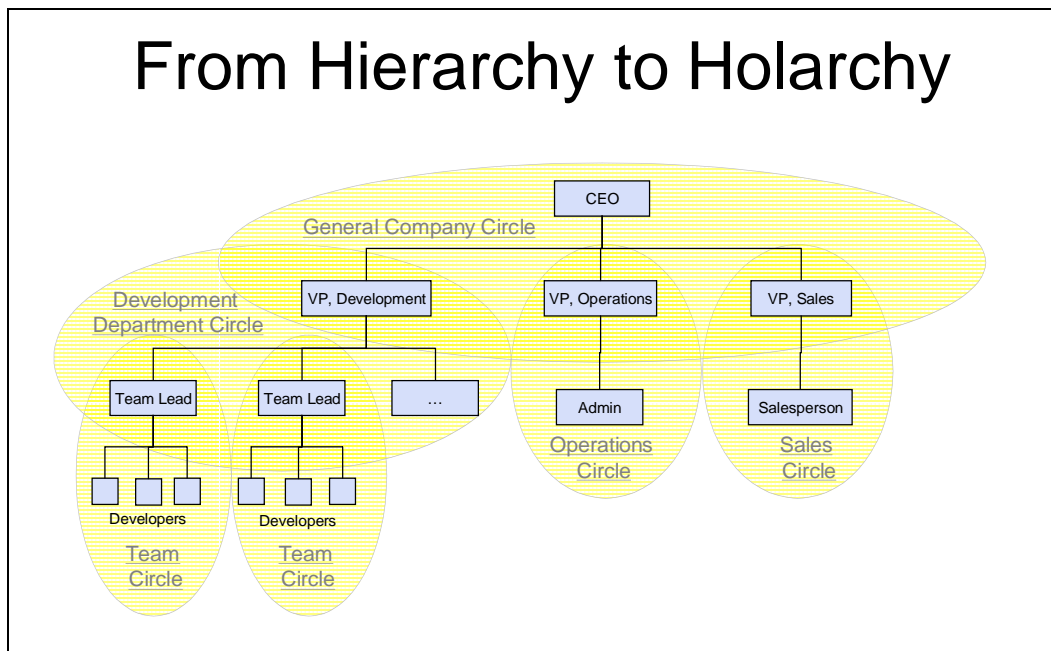


Figure 3: Ternary Traditional Org Chart with Circle Overlay

Although the processes within and between each self-organizing circle will be different from what we're used to, notice how the overall organizational structure is not all that surprising. At the broadest level, the Board of Directors and the CEO form a Board Circle, integrating the concerns of the outside world into the organization. Below that, the CEO and the department heads (the executive team) form a General Company Circle, with scope over all cross-cutting operational functions and domains, except those specific functional areas which are delegated to department sub-circles (Sales Circle, Operations Circle, and Development Department Circle). One of the departments is large enough to go one step further and break itself down into various Project Team Circles, each owning a different set of client engagements. Of course this is just one example for one company – any given organization will look different, and even the same organization will evolve dramatically over time.

Double Linking

Decisions and operations of one circle are not fully independent of others. Each whole circle is also a part of a broader circle, and shares its environment with the other functions and sub-circles of that broader circle. So, a circle can not be fully autonomous – the needs of other circles must be taken into account in its self-organizing process. To achieve this, a sub-circle and its super-circle are always linked together by at least two roles (and two individuals filling those roles). Each of these two link roles takes part in the governance and operational processes of both connected circles.

One of these two links is appointed from the super-circle to connect to a sub-circle. This is called a "Lead Link" role in Holacracy, and we can think of it as akin to a traditional manager (although there are differences, functionally and culturally). A Lead Link is accountable for aligning the sub-circle's results with the super-circle's needs.

The other half of the double link is appointed by a sub-circle to connect to its super-circle. This is called a "Representative Link" role in Holacracy, or "Rep Link" for short – like the Lead Link, the Rep Link forms part of the membrane between two circles. The role itself is quite different from anything we're used to in a modern organization, although it bears some similarity to a Lead Link (but in the opposite direction). A Rep Link is accountable for ensuring the super-circle is a conducive environment for the sub-circle, by carrying key perspectives from the sub-circle to the super-circle's governance and operations.

This double linking continues throughout the holarchy of the organization. Continuing the example from above, Figure 4 shows the addition of Rep Links on our software company's org chart – each circle has appointed one of their current members to also serve as a Rep Link to the super-circle (the Lead Link is already shown, as the "manager" in the traditional org chart view).

Rep Links in Action

As the CEO of a Holacratic organization, I love rep links. They provide rapid feedback from the perspective of someone who really knows what's going on at the "street" level, and often provide key insight my managers and I just don't have.

In a traditional company, it's wise for a CEO to consider the impact of his or her proposals on lower levels in the organization; and if something is missed, you know who everyone will blame! With Holacracy in place, I can just focus on my level of scale, and trust the rep links to catch any issues and help me craft a proposal workable for all parts of the organization.

And when a rep link misses something, folks in sub-circles don't look at me as the guy from above doing stuff to them; instead, they look to their rep link as a conduit for improving the situation. It is the rep link's accountability to ensure the sub-circles needs are met, not mine!

Rep links help free me from dealing with organizational politics, leaving me much more time and energy to focus on moving the organization forward.

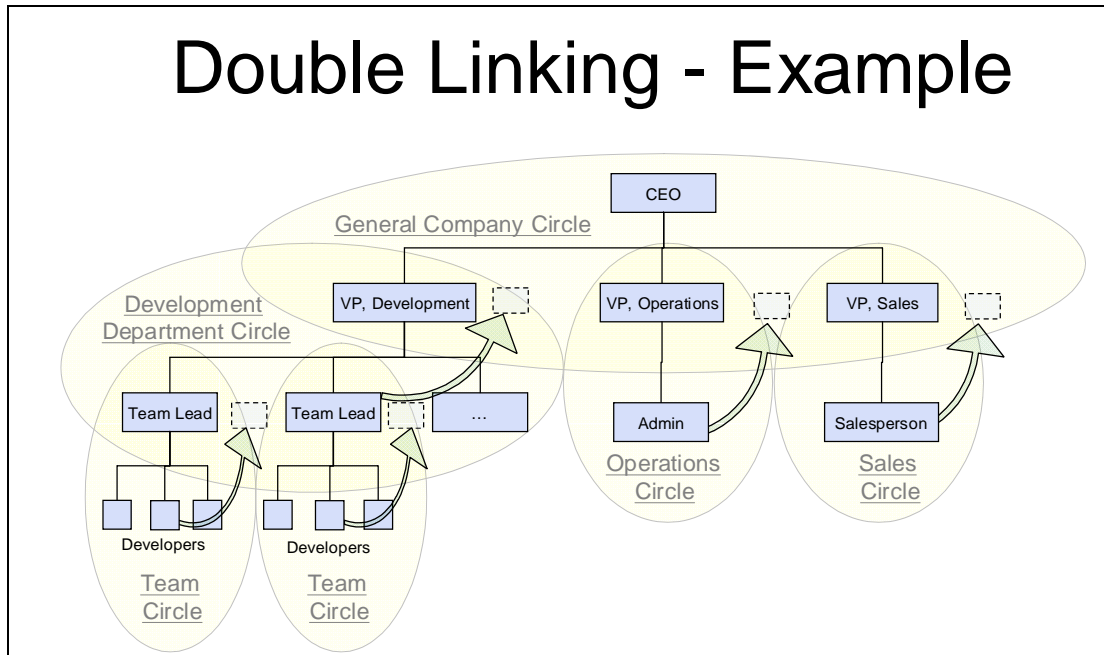


Figure 4: Org Chart with Circle Overlay and Rep Links

Requisite Organization

Once an organization adopting Holacracy has all the basics in place, a new series of questions about Holacracy's structure often arise. How do you know what specific circles an organization should have, and how many levels these should be organized into? And how do you know what specific accountabilities should exist within the organization, which role should own which accountabilities, and which circle should own which role? Does it matter? The answer is a strong yes, it definitely does – this is an issue in any organization, with or without Holacracy, but with Holacracy in place the ability to both find and harness an effective structure seems to increase significantly.

Holacracy suggests that, at any given point in time, an organization has a naturally ideal or "requisite" circle structure, which "wants" to emerge. And within that circle structure there seem to be requisite roles and accountabilities. In other words, the organization is a natural holarchy that has emerged over time and will evolve with time. This requisite structure is not an arbitrary choice. Finding it is detective work, not creative work – the answer already exists, it just needs to be uncovered. This discovery process feels a lot less like explicit design and a lot more like listening and attuning with what reality is already trying to tell you – what naturally wants to emerge.

The benefits of doing this listening are significant. The closer our explicit structures mirror these natural structures, the more effective and trust-inducing the organization becomes. As we align with the requisite structure, the organization feels increasingly "natural", and self-organization becomes easier. Circles feel more cohesive – they have healthier autonomy and clearer identity, and more clear-cut interplay with other circles. Each circle more easily performs its own leading, doing, and measuring, with its super-circle able to more comfortably focus on specific inputs and outputs rather than the details of the processing going on within. Roles and accountabilities become more clear and explicit, and it becomes easier to match accountability to control. Aligning with requisite structure dramatically eases and enhances everything Holacracy already aims for.

Organizational Control

Among the most fundamental paradigm shifts in Holacracy is its approach to maintaining organizational control. This shift permeates all of Holacracy, and understanding other practices often takes considering them within this context.

Dynamic Steering

Like Riding a Bike...

Most modern decision-making and management is based on attempting to figure out the best path to take, in advance, to reach a given aim (predict), and then planning and managing to follow that path (control). It's like riding a bicycle by pointing at your destination off in the distance, holding the handlebars rigid, and then pedaling your heart out. Odds are you won't reach your target, even if you do manage to keep the bicycle upright for the entire trip.

In contrast, if you watch someone actually riding a bicycle, there is a slight but constant weaving. The rider is continually getting feedback by taking in new information about his present state and environment, and constantly making minor corrections in many dimensions (heading, speed, balance, etc.). This weaving is the result of the rider maintaining a dynamic equilibrium while moving towards his aim – using rapid feedback to stay within the constraints of the many aspects of his system. Instead of wasting a lot of time and energy predicting the exact “right” path up-front, he instead holds his purpose in mind, stays present in the moment, and finds the most natural path to his aim as he goes.

For organizations, preferring continual incremental adaptation with real data in place of detailed up-front analysis and prediction provides many benefits. These can include significant efficiency gains, higher quality, more agility, increased ability to capitalize on ideas and changing market conditions, and, perhaps most ironically, far more control. And the dynamic approach achieves these business benefits while meeting human and social needs at a level far beyond the traditional approach.

It is important to note that transcending the predict-and-control model is not at all the same as just “not predicting”, no more than riding a bicycle is a process of “not steering”. It is about attuning to an appropriate telos (purpose) and being fully present in the here and now, and steering continuously in a state of flow with whatever is arising. Doing this across an organization requires an enabling structure and a disciplined process of continually taking in feedback and adapting across multiple people and multiple semi-autonomous teams. Surfing the emerging wave of reality is extremely tricky business – doing it without getting swept away in the tide requires an entirely new approach to organizational steering, and the cultural environment to support it!

Present-Moment Awareness

When dynamic steering is done well, we enable the organization to stay within present-moment awareness and act decisively on whatever arises within that moment, like a master martial artist or an experienced Zen monk. All the benefits and grace individuals find from this present-moment awareness are available to our organizations as well. And when the organization is acting from this flow-state, the echo effect upon the individuals working within can be extremely powerful indeed.

Rules of Dynamic Steering

There are three key rules for effective dynamic steering:

1. Any issue can be revisited at any time, as new information arises – steer continually, whenever needed.
2. The goal at any given moment is to find a workable decision, not the “best” decision – make small workable decisions rapidly, and let the best decision emerge over time.
3. Present tensions are all that matter – avoid acting on predictive tensions and delay decisions until the last responsible moment.

Feedback

Rapid feedback is critical to effective dynamic steering – it's hard to dynamically steer a bicycle with your eyes closed! Feedback allows our plans to be imperfect at the start of a journey and quite good by the end. It gives us the data we need to adjust our planned route based on the actual territory encountered, rather than trudging forward blind with nothing but a map of what we thought the territory might look like.

Critical to both Holacracy as a whole and dynamic steering in particular is the rule that any issue can be revisited at any time. Dynamic steering requires we make quick decisions based on the aim of the circle and the facts at hand, and knowing that we can revisit the issue later as new information arises helps us avoid getting bogged down by predictive fears or trying to figure everything out up front (see rule #3). This lets us avoid wasted time and energy speculating about what “might” happen, and instead adapt rapidly as soon as reality tells us what actually is happening. This also leads to a lot less agonizing over the “perfect” decision, and makes it easy to just try something and see what happens, knowing that we can alter course at any time.

Rule #2 is critical here as well: Our goal at any given moment is not to find the best possible decision, but merely to find a workable one – the best decision isn't the one we predict in advance, it is the one that emerges into reality over time. Dynamic steering helps us start quickly with something workable, then reach great decisions by listening to reality and adapting constantly as new information arises. Avoiding the trap of trying to find the “best” decision up-front frees a circle to swiftly move from planning a decision to testing it in reality and integrating the resulting feedback.

Failure

I often speak of failure as a key principle behind dynamic steering, and give the advice “When you don't know what to do to succeed, just do something to fail.” A “failure” at one level of scale is just new information and an opportunity to learn and succeed in the bigger picture.

As Thomas Edison famously said of his early experiments, he didn't fail, he just learned a thousand ways not to make a light bulb. Rather than waste time and energy ensuring he “got it right the first time”, he simply put an emphasis on getting started, failing fast, and learning fast from that failure. Failing fast at that level of scale allowed him to more swiftly succeed in the bigger picture.

Practiced together, the rules of dynamic steering remove a lot of the fear from decision making, and that is key to boosting organizational agility while spending a lot less time in decision-making processes. Yes, dynamic steering results in less time in decision-making, not more! Predicting the future is scary. If you're stuck with the results of your prediction, as we often are in modern organizational life, then that fear is also useful. If you are only able to steer the bicycle once up-front, then you damn well better be scared of the ride, and spend considerable time up-front predicting the right path! And even if you can steer along the way, if that process takes considerable time and energy, then forget about adapting quickly to opportunities that arise along the journey – you will be lucky just to get to your destination intact!

In contrast, holding an aim in mind while living fully and continually in the present is not scary, and to the extent we can do that, fear becomes no longer useful. Dynamic steering makes it safe to just try something, and revisit issues whenever any potential fears begin to actually manifest. Where many individual transformative practices focus on

helping individuals operate from a space beyond fear, Holacracy shifts the fundamental context to one that reduces the degree to which fear arises in the first place. This facilitates much more useful and fulfilling emotional reactions towards both the process and results of decision-making, and allows us to seize opportunities in our environment that might otherwise go missed.

Integrating Predict & Control

Finally, note that there are times when predictive steering makes sense. Integrating future possibilities into present decision-making makes sense if both the probability of a costly possibility arising is uncomfortably high, and if we can't safely adapt later once we have more information to work with – in other words, if we will be locked into a fixed path without the opportunity to steer, and it's a big decision! If we must sign an expensive ten year lease on office space and we won't be able to change or renegotiate the lease later, then we had better do some up-front prediction!

That is not the whole story however. Often, we can turn what would otherwise be a situation requiring predictive decision-making into one that allows dynamic steering, simply by creating a way to add feedback and steering points along the path. For example, at Ternary, our processes and contracts with clients and vendors are intentionally built to allow and harness dynamic steering. The key is to break down otherwise large commitments, so that we can make a smaller decision now and defer the next small decision until the last responsible moment. We also need to ensure that we are effectively measuring what happens to get the data we need to dynamically steer before our next commitment. Of course this can be quite a challenge and it is not always practical; when the situation absolutely calls for it, sometimes the dynamic thing to do is to use a predict-and-control model. In this sense dynamic steering adds to and yet also fully includes predictive steering methods – it is a broader, more encompassing paradigm.

Integrative Decision-Making

Imagine flying an airplane and ignoring one of your key instruments: “Well, the airspeed indicator and altimeter say we’re doing fine, so the fuel gauge is outvoted!” Of course this makes no sense – we all know the fuel gauge is tuned into a different field of information than the others – and yet we see this pattern play out time and time again in modern organization. It is very easy to forget that, like the instruments on our airplane, people are often tuned in to very different fields or types of information. Yet when we look closer, we often find there is at least some value or core truth in anything anyone perceives – as integral philosopher Ken Wilber has said, “No one is smart enough to be 100% wrong.”

With the speed and demands of modern organizational life, it’s not surprising that we often fail to integrate the key perspectives of others. Yet if we can find an effective and rapid process to bring together and integrate those perspectives that really are important to integrate now, we can build a more complete picture of our present reality. And a better picture allows for more powerful actions which take into account more needs and more constraints of the situations we find ourselves in – we avoid the danger of ignoring the fuel gauge at precisely the wrong time!

Holacracy provides a tool for exactly this kind of rapid integration of key perspectives: Integrative Decision-Making. This rapid decision-making process systematically integrates the core truth or value in each perspective put forth, while staying grounded in the present-tense focus provided by dynamic steering. As each key perspective is integrated, a workable decision tends to emerge. We know we’ve achieved this integrated state when each member of the circle making the decision sees no “objection” to proceeding with the proposed decision, at least for now. An “objection” is defined as a tangible present-tense reason why the proposed decision is not workable right now – why it is outside the limits of tolerance of some aspect of the system. Thus, objections belong to the circle – they are not the individuals’ personal objections. As long as objections have surfaced, the process continues to refine the proposed decision by integrating the core truth in each perspective.

Integrative Decision-Making Process (short-format)

There are several facilitation formats available for integrative decision-making. Following is the “short-format” process, used when a circle member has both a tension to resolve and a specific proposal to offer as a starting point for integration:

Present Proposal: *The proposer states the tension to be resolved and a possible proposal for addressing it. Clarifying questions are allowed solely for the purpose of understanding what is being proposed. Discussion and reactions are cut off immediately by the facilitator, especially reactions veiled in question format (e.g. “Don’t you think that would cause trouble?”).*

Reaction Round: *The facilitator asks each person in turn to provide a quick gut reaction to the proposal (e.g. “Sounds great”, “I’m really concerned about X”, etc.). Discussion or cross-talk of any sort is ruthlessly cut off by the facilitator – this is sacred space for each person to notice, share, and detach from their reactions, without needing to worry about the potential effect of sharing them.*

Amend or Clarify: *The proposer has a chance to clarify any aspects of the proposal they feel may need clarifying after listening to the reactions, or to amend the proposal in very minor ways based on the reactions (only trivial amendments should be attempted at this stage, even if there were clear shortcomings pointed out). Discussion is cut off by the facilitator.*

Objection Round: *The facilitator asks each person in turn if they see any objections to the proposal as stated. Objections are briefly stated without discussion or questions; the facilitator lists all objections on the board, and cuts off discussion of any kind at this stage. If the objection round completes with no objections surfaced, the decision is made and the process ends.*

Integration: *If objections surface, once the objection round completes the group enters open dialog to integrate the core truth in each into an amended proposal. As soon as an amended proposal surfaces which might work, the facilitator cuts off dialog, states the amended proposal, and goes back to an objection round.*

Beyond Consensus

Using integrative decision-making is not at all the same thing as seeking consensus – in fact they are barely comparable! Consensus-based processes typically ask whether people are “for” or “against” a proposal, or maybe whether anyone “blocks” it. Integrative decision-making on the other hand doesn’t focus on personal support at all, one way or the other – it is totally orthogonal to that. An “objection” isn’t a statement that someone won’t support a decision, and nor is “no objection” a statement that someone is “for” it. It is simply a statement about whether or not someone sees something that is outside the limits of tolerance of any aspect of the system.

This is a critical distinction – asking someone if they’re “for” or “against” something tends to push them into an egocentric or highly personal space. Integrative decision-making asks them to speak from a more impersonal (or transpersonal) space about what is actually needed and workable for the collective aim. The process acknowledges and honors whatever emotions arise within us, and then helps us to move beyond them – to make them objects in our awareness, things we own but which don’t own us. Once we’re no longer stuck in their charge, we can use our personal emotions as clues to why a proposed decision may really be outside a key limit of tolerance for the system. Personal emotions become sources of valuable information, but not decision-making criteria in and of themselves.

This shifts the focus from the personalities and emotions to the issue itself and the organization’s aims. This achieves the value in a consensus-based approach without the baggage, by recognizing that the best way to get the best decision is to continually listen to and integrate present-tense perspectives raised by the individuals involved. No one’s voice is crushed, and yet egos aren’t allowed to dominate. The integrative decision-making process helps people meet and interact in a state beyond fear and ego; a group engaged in it has a palpably different feel to it, and usually generates far better results.

With integrative decision-making it often feels like the people involved in the process aren’t actually making the decisions per se. They are holding a space and listening to reality, and allowing the creative force of evolution itself to make the decisions – through them, not from them. These distinctions are all very difficult to describe and perhaps hard to believe, though this is my best interpretation of my first-person experience of integrative decision-making, and other experienced practitioners I’ve spoken with report very similar interpretations.

The Enemy of Good Enough

I’m often asked what happens when someone just doesn’t see how a proposed decision makes sense or addresses an issue. How does Holacracy facilitate their understanding so the decision can move forward? And a related question, how does Holacracy facilitate the emergence of the better decision when people disagree on the form that it ought to take? The simple answer is it doesn’t. Holacracy sets a very different threshold for decision-making, one which does not create space for this kind of conflict in the first place.

As discussed earlier, the threshold of decision-making in Holacracy is merely the discovery of a “workable” decision. Organizational dysfunction occurs whenever any part of the organization lacks sufficient control to ensure its own effective operation (when it lacks “requisite control”). So a “workable” decision is simply one which maintains our ability to effectively control the organization. This allows us to dodge entirely the tricky and wasteful business of finding agreement among participants of the “better” or “best” decision. Holacracy does not seek a decision that fully takes into account all perspectives, merely a decision that takes into account the minimally-sufficient perspectives required to ensure we maintain or restore requisite control.

Going back to the original questions above, there is no need for everyone present to understand all aspects of a decision or even why it makes sense. They just need to have confidence that the decision will not undermine any part of the organization's ability to function effectively – to control itself. There is rarely a need for anyone to be convinced of anything, since the goal is not to find the "best" decision.

Practically speaking, when multiple workable options exist the better decision is often the one that's made more quickly. Quicker decision-making means more decisions can be made, more approaches can be tried, and more can be learned about what really works and what really doesn't. Requiring only a workable decision can be seen as "lowering the bar" on decision-making, but more accurately, it is "raising the bar" on slowing or stonewalling the decision-making process. We continually improve quality by allowing ourselves to rapidly learn from experience.

A Whole-System Shift

Holacracy is a whole-system change from what we're used to in human organization and culture, and it can be very difficult to understand by looking at any one aspect. Each aspect reinforces and is reinforced by the others. If we just added Integrative Decision-Making to human organization as we're accustomed to it today, we could easily end up slowed or stonewalled with predictive tensions.

There is difficulty in using integrative decision-making without dynamic steering. It is hard to dynamically steer without the clear view of reality that comes from rapidly integrating key data. And it is hard to rapidly integrate all necessary perspectives if you fall out of present-moment awareness and try to integrate every fear of what "might" happen in the future. But when we are dynamically steering our integrative decisions, each aspect reinforces the other. Their collective effect is greater still when they are both supported by yet other aspects of Holacracy – hence, a whole-system shift.

Integrating Autocracy

Despite its power, most decisions in a Holacratic organization are actually not made directly via the integrative decision-making process. Most of the decisions we face day-to-day are relatively simple and most effectively made by one person autocratically. Yet, as a rule in Holacracy, the governance decision to give autocratic control over certain operational decisions is always done via integrative decision-making. That is, defining and assigning roles and accountabilities and the type of control that goes with them is done through integrative decision-making. In fact, by default any accountability assignment also grants autocratic control with regard to that specific issue, unless another accountability exists which limits this control, such as an accountability to integrate other perspectives before making a decision. In this way integrative decision-making wraps and integrates other decision making styles, though the authority delegation itself can always be revisited via integrative decision-making, as new information arises.

Riding the Evolutionary Impulse

Holacracy expressly pushes against attempts to fully integrate all perspectives at any given moment in time, and yet over time it ends up integrating more than any other process I've witnessed. Consider that it isn't actually possible to step back and integrate all perspectives; no matter how much you integrate, there is always something more still to integrate, and more reality still emerging around you - it's "turtles all the way up", neverending.

*Integrating perspectives is a process, an evolutionary one that unfolds through time, not something we step back and "do" at any one point. So what we can do is **be integrating**; we can become an agent for the natural evolutionary impulse at the heart of reality, by riding the emerging moment here and now and integrating what actually arises into that present moment.*

In Holacracy, we strive to integrate what needs integrating as it needs integrating - no more, no less, no sooner, no later. The more we can find the discipline and skill required to do this, the more value we can integrate into our reality. It's not about trying to instantly integrate everything; it's about unfolding more value into our reality tomorrow than we had yesterday, while recognizing the inherent perfection of the present moment and the evolutionary process, wherever we may be within it at any given time.

For example, we wouldn't want our office manager calling a meeting every time she wanted to buy more pencils, so instead we use the integrative decision-making process to create a role with accountability and autocratic control to make decisions relating to keeping the office up and running operationally, within certain purchasing limits. Should this authority ever prove too broad or the limits too restrictive, the policy would be revisited via the integrative decision-making process, and the circle would adapt incrementally.

Individual Action

No matter how detailed and refined we've made our roles and accountabilities, there will be cases where actions are needed which are outside of our role definitions, and thus outside of our official authority. In fact, in the early days of practicing Holacracy it is likely that most of what we do falls outside of defined accountabilities, since Holacracy encourages us to let roles evolve over time instead of trying to guess at what they need to be predictively. Sometimes the action that we believe is needed is not just outside of defined accountabilities, but actually against them, such that taking the action would require neglecting an accountability outright.

So what do we do when our best judgment tells us to go outside of our authority or against an established policy? We do what humans usually do – we consider the information we have, including what we understand of the existing accountabilities or lack thereof, and we use the best judgment available to us to make a decision on what action to take. Or, as Holacracy puts it, we take Individual Action.

Individual Action tells us to do exactly what we usually hope people do anyway: Consider the information available, use your best judgment from your highest self, and take whatever action you believe is best for the circle's aims. And when that action falls outside or even against existing accountabilities, be prepared to go out of your way to "restore the balance" from any harm or injustice caused, via a restorative justice system rather than a punitive one. And finally, take the perceived need for such action to a governance meeting, so that the circle can learn from the case study by evolving roles and accountabilities to transcend the need for it next time – in this way, individual action drives organizational evolution.

Recognizing individual action as an expected practice within the organization has a profound effect on organizational culture. It helps us avoid getting stuck in all the blame, negativity, and "should have's" that otherwise get thrown around in modern organization. These are all reasonable emotions that get confused for facts about reality – they become resistance to what has already happened and can't be changed. Resisting the past gets in the way of our accepting the present for the perfect moment it is and shifting our energy to how to move forward effectively. Expecting individual action helps shift us from blame and fear of blame to living in the present and courageously facing the future together.

Core Practices

Governance Meetings

The members of a circle meet regularly to establish and evolve circle governance. Governance meetings focus on uncovering the general roles needed to reach the circle's aim and the specific accountabilities and control required of each, and then assigning these roles to circle members. Attendance is open to all members of the circle, including the representative links elected to this circle from sub-circles. These meetings are typically held at least once per month for most circles, and sometimes more frequently.

The focus of a governance meeting is governance, not operations. They are about evolving the pattern and structure of the organization – defining how we will work together – and not about conducting specific business or making decisions about specific issues. That's not to say we avoid all talk of operational issues – in the spirit of dynamic steering, governance proposals are typically inspired by specific operational needs or events. Whenever something didn't go as well as we may have liked, there are often additional requisite roles or accountabilities waiting to be uncovered in a governance meeting. Likewise, whenever it isn't clear who makes which specific decisions and how, there is likely a helpful clarification of roles and accountabilities ready to hatch (remember, control goes hand-in-hand with accountability).

Still, the key to effective governance meetings is to continually pull the focus back to roles and accountabilities. Without a strong focus and a clear space held for governance, it's easy for an organization to get so caught up in the day-to-day operations that governance just doesn't happen, and regular governance meetings are key to the effective practice of Holacracy.

Governance Meeting Agenda

Following is a template agenda for a typical governance meeting:

Check-in: *The check-in is a brief go-around, where each person gives a short account of their current mindset and emotional state, to provide emotional context for others in the meeting and to help the speaker let go of any held tensions. The facilitator crushes discussion or reactions to others' check-ins. Example: "I'm a little stressed out from the project I'm working on today, but I've been looking forward to this meeting."*

Administrative Concerns: *The facilitator quickly checks for objections to last meeting's minutes, and explicitly highlights the time available for this meeting.*

Agenda Setup: *The facilitator solicits agenda items for the meeting on the fly (agenda items are never carried over from prior meetings!). Participants state agenda items briefly, as just a title, and the facilitator charts them on the board. Once all agenda items are listed, the facilitator proposes an order to tackle them in and quickly integrates any objections to the order.*

Specific Items: *The group proceeds through each agenda item until the meeting time elapses or until all items have been resolved. Each agenda item uses one of the integrative decision-making processes (e.g. short-format, long-format, or election-format). The secretary captures all decisions (and only the final decisions) in the meeting minutes, and in the overall compiled record of the circle's roles and accountabilities.*

Closing: *The closing is a brief go-around, where each person reflects and comments on the effectiveness of the meeting, providing feedback for the facilitator and others about the meeting process itself. The facilitator crushes discussion or reactions to others' closing comments.*

Example: "We ended up out-of-process in discussion several times, and it'd be useful for the facilitator to cut that off sooner next time."

Integrative Elections

There are several key roles that must be filled on each circle: a representative link to the super-circle, a facilitator to run circle meetings and ensure the group sticks to process, and a secretary to record decisions and maintain an overall compiled list of all the roles and accountabilities of the circle. Circle members are elected to each of these key roles via Holacracy's integrative election process, which seeks to tap the collective intelligence of the group to arrive at a best-fit for the role. In addition, the circle may choose to use this process for other roles as well – it is helpful whenever a clear best-fit for a role isn't immediately obvious.

Integrative Election Process

Following is a template for the Integrative Election Process:

Describe the Role: *The facilitator announces the role the election is for, and the accountabilities of that role.*

Fill Out Ballots: *Each member fills out a ballot, without any up-front discussion or comment whatsoever. The ballot uses the form of "(Nominator's Name) nominates (Nominee's Name)". Everyone must nominate exactly one person – no one may abstain or nominate more than one person. The facilitator collects all of the ballots.*

Read Ballots: *The facilitator reads aloud each ballot and asks the nominator to state why he or she nominated the person shown on their ballot. Each person gives a brief statement as to why the person they nominated may be the best fit for the role.*

Nomination Changes: *The facilitator asks each person in turn if he or she would like to change his or her nomination, based on new information that surfaced during the previous round. Changed nominations are noted, and a total count is made.*

Proposal: *The facilitator proposes someone to fill the role, based on the information that surfaced during the process (most notably the total nomination counts). The facilitator may open the floor for dialog beforehand if necessary, although it's usually best to just pick someone to propose and move on without discussion.*

Objection Round: *This is identical to the objection round for the general integrative decision-making process, however the nominee in question is asked last. If objections surface, the facilitator may either enter dialog to integrate them, or simply propose a different nominee for the role and repeat the objection round.*

Operational Meetings

The members of a circle meet regularly in operational meetings to facilitate the effective execution of day-to-day business. Operational meetings deal with the specific business of the organization – they are a forum for exchanging relevant information and making specific decisions that require integration of multiple roles on the circle. All members of the circle are invited to operational meetings, although rep links will often show up intermittently and/or duck out early when the topics aren't relevant to their scope.

There are different types of operational meetings, with different rhythms, or heartbeats, ranging from quick daily meetings to annual offsite review sessions. The breadth of scope of each meeting is directly correlated with how frequently the meeting is held. Following are brief descriptions of each operational meeting type.

Daily Stand-Up Meetings

Daily stand-up meetings are 5-10 minutes, usually near the start of each work day. They serve as a quick integration point and coordination for the day, and typically focus on what each participant did yesterday, what they plan to do today, and what integration points arise as a result. The daily nature of these meetings means they are not always practical, but when they are, they can be surprisingly useful time savers and efficiency boosters.

Tactical Meetings

Tactical meetings are typically held once per week, although the requisite frequency varies from organization to organization and circle to circle. These meetings are for collecting up-to-date metrics relevant to the circle (the data required for effective dynamic steering), and for integrating around specific tactical issues the circle is presently facing. The output of the tactical meeting is a list of action items, which the secretary captures and distributes to circle members.

Tactical Meeting Agenda

Check-in: *Identical to the governance meeting check-in round.*

Lightning Round: *One by one, each participant states what they plan to work on in the coming week, with no discussion. Each person has 60 seconds max, and the facilitator cuts off anyone who runs over time.*

Metrics Review: *Each circle member with accountability for providing a metric presents that metric. Clarifying questions and minor commenting are allowed, although the facilitator will curtail any significant discussion – if that's required add an agenda item for it, and keep this phase to just getting the data out.*

Agenda Setup: *Identical to the governance meeting agenda setup (again, the agenda for tactical meetings is always built on-the-fly, with no carry-over from prior meetings).*

Specific Items: *The group proceeds through each agenda item, with the goal of completing the entire agenda before time elapses (these are swift-moving meetings). Typically, each item is a brief free-form discussion – tactical meetings do not use the integrative decision-making process, unless someone has an explicit accountability to integrate perspectives around a specific issue before taking action.*

Closing: *Identical to the governance meeting closing round.*

Strategic Meetings

Strategic meetings are typically held monthly, quarterly, and/or annually, depending on the organization and the circle. Whatever the frequency, strategic meetings focus on the broad “big” issues facing the circle. They are a time to step back and creatively analyze the big picture. The format of strategic meetings can vary, and unlike governance and tactical meetings, agenda items here are decided in advance to give everyone time to reflect and research prior to the meeting. The number of agenda items is typically limited to just one or two, even for a full day strategic meeting – this is about digging deep into the most important issues in front of the circle.

Special-Topic Meetings

Special-topic meetings are about addressing one specific topic or agenda item – they are probably the closest thing to what most of us associate with a “normal meeting” in a traditional organization. These meetings often arise when something comes up at a tactical meeting which is too big to fit in the tactical meeting, yet isn't appropriate to park for possible inclusion in the next strategic meeting. The format of a special topic meeting depends upon the nature of the topic – anything from free-form dialog to one of the longer integrative decision-making formats may work well.

Add-on Practices

Holacracy includes many add-on practices or “modules” in addition to the core practices described above, covering many functions and aspects of human organization. These include modules for strategic planning, budgeting, compensation, project management, personnel development, hiring & firing, team formation, retrospectives, and much more. These are all out of scope for this introductory article, though once an organization has adopted the core elements of Holacracy, these add-on modules become increasingly important for getting the most from the practice!

Shared Language & Meaning

Holacracy injects powerful mental models and concepts into the organizational culture, creating a body of culturally shared language and meaning which facilitates ultra-high-bandwidth communication beyond ego. As with most practices, the intent of Holacracy isn't to assert these models and theories as true or to prove them – Holacracy itself is not a model or theory, it is simply a practice. Rather, they are used because their use seems to enhance the value generated from the actual practice. They may guide us in how to enhance our practice, or they may help us more effectively interpret and put to use the direct experiences that result from the practice.

The component models harnessed by Holacracy include type models, developmental models, organizational space models, integral theory, team dynamics models, and many more. Providing even a summary level view of each of Holacracy's key models and the language and cultural meaning that results is a topic for an entire article of its own, and beyond the scope of this introduction. I have however attempted to provide glimpses of Holacracy's cultural currents throughout this article, and I hope reading it has provided at least an initial taste. Suffice it to say, there's quite a bit of depth to the cultural side of Holacracy as well – the culture the practice generates is as profoundly different from our modern norm as Holacracy's organizational structure and dynamic steering is from today's top-down predict-and-control paradigm.

Holacracy in the World

Up until this point I have focused on describing the practice and results of Holacracy within a single organization. Before we conclude, I'd like to share my perspective on what Holacracy might mean for the broader world – how the practice can manifest beyond a single organization, and perhaps offer a path forward for a world in need of a little help.

The Role of the Board

To discuss the connection between a single organization and the broader world, we first need to discuss the unique purpose of a "Board Circle", Holacracy's version of a more traditional Board of Directors. Each individual organization has a board circle at the outside edge of its holarchy (see Figure 1 earlier in this article). A board circle looks like other circles in most respects – it holds governance meetings using integrative decision-making, and it is doubly-linked to the single broadest "normal" circle within the organization, the one which includes the operations of the entire organization within its scope (usually called a "General Circle" or "General Company Circle", akin to an executive team). The CEO is the lead link from the board to the general circle, and a rep is elected from the general circle to the board.

Despite the similarities, there are a few key differences. Other circles represent actual levels of natural ("requisite") holarchy that have emerged within the organization. This holds for the most focused circle all the way up to the general circle, which represents the broadest holon currently in existence. The board circle thus doesn't represent an actual level of scale within the company – the general circle already transcends and includes the entire existing organization. Instead, the board serves a unique purpose: To help uncover and manifest the organization's evolutionary impulse – to act as the voice of the organization's "higher self", and to spur the organization towards its unique telos, or "purpose in life".

Structure of the Board

Traditionally, a board represents the economic interests of the shareholders (in a for-profit entity), or the organization's social purpose (in a non-profit entity). A major challenge of the traditional approach is that all organizations have both social and economic needs, as well as both social and economic impact on the world around them. When the interests of either one dominate the other we risk missing an important need and limiting overall forward progress. To truly thrive in a sustainable way, the organization needs to integrate well with all aspects of the organization's broader environment, social, economic, and otherwise.

With Holacracy, the board includes roles representing the different needs of the broader environment the organization exists within. The exact roles will depend largely on the nature of the organization; they may include a role representing the social environment, another representing the industry the organization works within, perhaps another representing the local community or geography it serves, and another representing the economic environment (including investors'

Why Business?

The business world is often the last place people look to spark massive social change, yet business drives the economy, government, and education, and wields immense power in today's world. Over half of the hundred largest economies in the world today are corporations, a type of entity that didn't exist just a few hundred years ago. Most people spend a massive percentage of their waking time involved in a business of some sort; it is the container for much of the culture we exist within and it has a dramatic impact on our lives and our personal development. Business is the first type of truly global social organization to emerge in the world – it crosses geopolitical and ethnic boundaries, and has the real potential to unite our world in a truly global communion. None of this is meant to ignore or excuse the atrocities committed in the name of business, and there have been many. If we threw out early nations once we saw their dark side we would be back to living in tribes, warring with and enslaving our neighbors. What is needed is to move forward, not backward, and that means embracing the business world and helping it evolve.

needs, though this is now just one component of uncovering the organization's path, not the sole driving force). Whatever other roles may exist, there's also always the elected representative from the general circle to the board, there to represent what the organization is right now, including in its role as a home of sorts to the people who work within it.

With all of these varied roles in place, the board's process becomes one of continually integrating needs and goals from each of these contexts, to find what the world needs the organization to become – to unleash the organization's own free will.

Integrating For- & Non-Profit

Holacracy effectively integrates most of the distinctions between for-profit and non-profit companies. Instead of a major difference in both purpose and control, the distinction becomes a relatively minor one, of just whether or not the organization has partnered with investors to help reach its overall purpose (of course the tax differences still remain, at least until our tax system catches up to Holacracy!).

No longer is it relevant to talk about the "owners" of an organization, no more than it is relevant to discuss who owns you or me – we certainly do have economic responsibilities to the various financial institutions we do business with, but we are not owned by them, bound by their sole autocratic decree! And nor would they want us to be – history has shown that relying on slavery isn't as economically advantageous as using a mutually beneficial contract with a free individual.

With Holacracy in place, the organization is freed to govern itself, to find and follow its own unique purpose and higher calling – and to generate economic returns for those who provide needed resources along the way.

Organizational Consciousness

Engaging in a novel practice sometimes gives rise to direct experiences which help extend our mental models of reality and trigger new theories to explain experiences that don't yet fit within existing ones. We're about to dive in to one of these cases; if it gets too esoteric for your liking, skip ahead to the section titled "Worldwide Holarchic Governance". For the remainder of this section, I'll offer my best interpretation of a recurring experience I've had; it's an interpretation I've checked out with other experienced practitioners engaged in the practice of Holacracy, and so far it matches their interpretations as well. I hope many others will have a chance to practice Holacracy themselves before long, and help advance our collective interpretation of this phenomenon – what we are calling organizational consciousness.

From the root "holarchy", taken literally Holacracy means governance by the organizational holarchy itself – not governance by the people within the organization or by those who "own" the organization, but by the entity itself, by its own "free will". As alluded to earlier, Holacracy seems to facilitate the emergence of a natural consciousness for the organization, allowing it to govern itself, steering towards its own natural telos and shaping around its own natural order. This organizational "will" feels clearly different from the will of the people associated with the organization – just as the organization persists even as individuals come and go, so too does this consciousness. Its subtle voice is usually concealed by a cacophony of human ego, though it can be heard sometimes when people come together in a transpersonal space – a space beyond ego, beyond fear, beyond hope, and beyond desire – to sense and facilitate the emergence of whatever needs to emerge now. When practiced well, Holacracy allows this transpersonal space to arise often and easily within our organizations.

The Organizational Holarchy

Stepping back for a moment, let's consider which holarchy we're actually referring to when we say "governance by the holarchy". A common theoretical mistake is to think there is a holarchy that goes something like this: atoms to molecules to cells to organs to humans to teams to departments to companies (forgive me if I've skipped a few steps in there for brevity). The trouble here is that we've jumped holarchies – teams, departments, and companies are holons in their own separate holarchy, independent from the humans involved. Humans may become members of a team for

awhile, but they are not parts of it. So, we have two holarchies here – that of an individual human, and that of an individual organization. The organization's holarchy goes from accountabilities to roles to circles to broader circles, and eventually to the overall organizational entity. This holarchy has nothing to do with the people involved – they just work within it for awhile – and confusing them as one holarchy leads to all sorts of trouble.

So, accountabilities, roles, and circles are holons within our organizational holarchy, and these all refer to holons that are independent from and structurally unrelated to the humans that may happen to connect into them. And when we're referring to these not in the sense of the explicit advertised structure but to the "requisite" structure underneath (which may or may not match the explicit structure), then we're now referring to naturally emerging individual holons, not just artifacts of human design. Because these requisite structural elements are all nested together in a holarchy that has emerged over time, we've now got a natural individual holarchy in its own right, independent from its role as a social group for humans. (For readers familiar with the Integral movement and associated models, in integral-speak we've now identified two upper quadrants for the individual organization, which serve as a container for – but are not the same as – the lower two quadrants of the human experience.)

The I of Organization

When I speak of organizational consciousness, I'm referring to a consciousness that seems to stem from the individual organization, and not from the collective human culture or social systems operating within. This consciousness, the organization's own individual will, is freed by effectively practicing Holacracy, and it becomes a "dominant monad" for the organizational holarchy (and not at all for the individual members attached to that holarchy). For example, when the board circle decides to change what business the organization is in, all the roles and accountabilities within the organizational holarchy will shift to follow that will, just as the cells in your body have little choice but to go with you when your will decides to walk across the room. At the same time, the human members are not bound to this organizational will – they have their own consciousness and make their own decisions, and can always decide to leave the organization if the shift in roles and accountabilities doesn't fit them well. Yet regardless of what the members decide, the requisite holarchy for the organization has shifted, per the organization's will.

This insight helps us understand that an organization's purpose or telos is neither explicitly created by its members nor is it a collection of the members' own individual purposes. In a healthy organization, in many ways the members are really just along for the ride as the organizational entity itself strives to embody its own purpose (more often in today's world, one or more members dominate the organization's own will, completely obscuring it in the process). Sensing an organization's will is very subtle business, but it can be directly and tangibly perceived by those with a developed sense for it under the right circumstances, and verified by qualified peers.

Aside from this being the best interpretation I've found of my own and others' experiences, this interpretation is also extremely practical. It helps us avoid getting paralyzed by the purely relative consensus-seeking hell that results when we decide an organization's vision really should be some form of sum of the members' personal visions. And it ensures we avoid the domination and ego trap that results from thinking that a subset of the members or just one individual should decide upon or instill the organization's vision. And I'm not just talking about paralysis or domination of the members – freeing the organization's own will from paralysis and domination opens the door on more possibilities than I can comprehend. I suspect an entirely new tier of organization is just now becoming available to us.

Worldwide Holarchic Governance

A company is a semi-autonomous holon, just like all the sub-holons within the company (departments, project teams, etc.). For a holarchy to remain healthy, all holons need clear autonomy as a whole, and clear responsibilities as a part or member of something larger. Our current corporate governance model pushes companies towards unhealthy agency – they are encouraged to ignore responsibilities for communion with the broader world. We see the impact of this all the time, whenever companies focus on their own growth and profits while ignoring their impacts on the environment or the world around them. It can be tempting to chalk this all up to ignorant or selfish executives, however that's not entirely fair. Our current organizational and governance systems are setup in ways that push towards this unhealthy agency – it is extremely difficult to work against this momentum in the current model, or even become fully awake to it. Let's explore how these dynamics might shift in a world practicing Holacracy.

The We of Organization

If an organizational entity is an individual in its own right, can multiple organizations come together and form their own collective culture and processes? If they do, will we see yet another still-broader individual organizational entity emerge? I think the answer to both questions is a clear yes – whenever there are multiple entities working together towards a common aim, we have organization. Just as people become members of a company, so too can individual companies become members of broader organizations, such as those representing an industry or social purpose or geographic region. Of course, each of these broader entities can practice Holacracy to tap into their own individual telos and self-awareness as well.

As these organizations of organizations emerge, individual companies can become members and tangibly connect into them to help steer their governance and operations, and they can help the individual company align with their needs and goals. This happens via a cross-organization double-link, where the board of the individual company connects with an appropriately-focused circle within the broader entity. This means the individual company's board circle will no longer need to appoint members itself – instead, it will simply establish a double-link with a broader organization representing its industry, another representing its specific social purpose, etc. Each broader organization will appoint one of its members to sit on the individual organization's board, forming one half of the double link. The board in turn will elect one of its members – perhaps the CEO – to carry the voice of the company's context into the broader organization's decision-making, completing the double link. The board becomes a focal point for integrating the needs and goals of all of the major environments in which the company operates, but now it's extremely tangible, and the addition of a rep link provides a conduit for feedback that barely exists in today's world.

Towards a Sustainable World

Looking forward, I believe this structure has the potential to profoundly advance human society. As this web of organization grows, it can provide a distributed yet integrated capacity to govern our shared resources and move us towards a more global communion. It radically transforms governance from something that happens on a “big” scale – the industrial age design – to something that happens everywhere throughout the system by everyone, at the level of scale they operate at, while enhancing the ability to act as a coordinated and cohesive whole when required. This could help us completely transcend many of the massive geopolitical and environmental challenges we now wrestle with – many of them just dissolve and others at least become possible to address with such a system in place.

Better still, this worldwide holarchic meshwork is built on top of the governments and legal systems that already exist. That means it can emerge incrementally, in its time, until a new integrative

governance web spans the world, with every holon at every level of scale honored and accorded appropriate rights and responsibilities. What this might mean for the individuals who live and work within these holarchies is also quite profound. All in all, I think the potential here for both individual and social transformation on a global scale is truly staggering.

In Closing

Grand predictions aside, Holacracy has a long way to go before we are ready to retire modern government paradigms to the history books! As of the date of this writing, only a little over a year has passed since an earlier version of Holacracy was first made public outside the walls of Ternary Software. The practice itself is still evolving as well, and this is the first article to begin to capture the most recent evolution (what we're calling "Evolution 2", or "e2"), and even this article only scratches the surface of many aspects of the practice. It's also extremely early in the spread of Holacracy beyond Ternary Software – I can count the number of organizations thoroughly practicing Holacracy on one hand, and we are still lacking in detailed case studies and hard data on results. As Holacracy spreads into more types of organizations we will run into big challenges we haven't yet faced, and the practice will need to evolve further to answer some of them.

Although still quite new, interest in Holacracy is growing rapidly – I've lost count of the number of organizations actively exploring or in the early phases of adopting Holacracy now, and the list ranges from for-profit businesses, both public and private, to non-profits, religious institutions, and government organizations. From these early adopters we are just now beginning to generate the data and case studies we need to better understand the tangible results of the practice in organizations beyond Ternary Software. I hope the data we're collecting now will help support many of the claims we would like to be able to more strongly assert based upon our observations and inferences so far. And if the pace of Holacracy's growth in the world and the viral spread we've seen so far continues, all of this may happen a lot quicker than I had originally guessed!

One thing I know for sure – as the Holacracy movement gains momentum and spreads beyond single organizations, the pioneers at the forefront of this next sociocultural evolution will face new challenges and tough problems; ones for which answers do not yet exist. Fortunately, we don't need to have all the answers in advance; we just need to hold the question and stay present in mind, body, and spirit. Then it's not a matter of creating the right answers, but rather one of just listening to what they already are. And it's amazing what emerges once we get out of our own way and truly start listening.

Introducing HolacracyOne

Those of us currently practicing Holacracy are supporting this fledgling movement as best we can, and looking for others interested in getting involved and contributing as well.

To that end, several colleagues and I recently launched HolacracyOne to help spread the practice and assist others in learning about Holacracy. We have begun introducing people to Holacracy in half-day seminars around the world, and holding deeper multi-day workshops to help people learn more.

We are also actively searching for organizations interested in adopting Holacracy and consultants interested in servicing those organizations as well as taking Holacracy to their existing client base.

If you are interested in getting involved in any capacity, we'd love to hear from you – you can find more at www.holacracy.org. Consider signing up for our mailing list if you'd like us to keep in touch with you as well. The website also contains links to other Holacracy-related articles and audio recordings, plus a list of upcoming Holacracy seminars and workshops.

Acknowledgements

Although Holacracy as a whole is a relatively new practice, it emerged as an integration and extension of many existing practices and supporting models. It'd be impractical to list every influence here; however, I'd like to acknowledge at least a few of the more significant background elements that contributed to the development of Holacracy.

The type models we draw upon heavily in practicing Holacracy, and which were key to the development of the practice in the first place, are those taught by Dr. Linda Berens of Interstrength Associates. They include Berens' Temperament Theory (a major refinement of David Keirsey's Temperament Theory and two thousand years of related theory and research), Berens' Interaction Styles (a model which transcends and includes models such as DiSC and Social Styles), Cognitive Processes (an evolution to Carl Jung's original work on the "functions in their attitudes"), and the 16 Types (the same 16 types measured by the Myers-Briggs Type Indicator, or MBTI). More information about each can be found on www.16types.com – see the sidebar at the left of the home page titled "Learn and Explore".

Several key aspects of Holacracy are a refinement and extension to sociocracy, an organizational governance system originally envisioned in the Netherlands in 1945 as a way to adapt Quaker egalitarian principals to secular organizations. Sociocracy was refined for corporate use in the 1960s by Gerard Endenburg, a Dutch electrical engineer who enhanced the model with principles from cybernetics – the science of steering and control – and used it to successfully manage the Endenburg Electrotechniek company. The method has since spread to many organizations throughout Holland and beyond.

Much of the understanding and practices around requisite organizational structure and management came from Elliot Jaques' work in "requisite organization". Much of the operational meeting practices of Holacracy were informed by Patrick Lencioni's book "Death by Meeting". Our ability to interpret and explain the territory Holacracy explores and the principles underneath the practice comes from working with Ken Wilber's Integral philosophy, including the language we now use around holons and holarchies. Anthony Moquin, Alexia Bowers, and Gareth Powell were all instrumental in developing and articulating key aspects of Holacracy as well, even beyond their day-to-day participation in Ternary Software.

Barry Oshry's research and models around organizational spaces and power were important in the development of Holacracy and are infused into the cultural aspects of the practice. The work of many folks in the agile software development space has been key to the development of Holacracy, perhaps most notably Kent Beck's work on Extreme Programming. Suzanne Cook-Greuter's thorough research and articulate presentation of ego development provides a key mental model for use with Holacracy. And Peter Senge's writings on learning organizations provided several insights and a few key language tools as well.

The work of numerous other authors, practitioners, and researchers has contributed as well, and I hope to provide a full list at some point – the above is only a brief sampling. For now, I'd like to conclude by acknowledging one other group of people, those most key to the development of Holacracy – the staff of Ternary Software, who willingly took part in an exhausting and sometimes excruciating experiment to find a better way. Their courage, intelligence, hope, fear, frustration, vision, and humanity created just the right conditions for the emergence of something truly incredible, and their active participation and incisive questioning continues to drive its evolution forward. They are truly a remarkable group, and working with them has been one of the greatest honors and deepest privileges of my life.

About the Author

Brian Robertson serves as a Board member and trainer for the Holacracy training and licensing firm HolacracyOne, in addition to his full-time job as CEO of Holacracy-pioneer Ternary Software. Ternary is an award-winning provider of outsourced software development and process consulting services, with a focus on helping clients harness the benefits of “lean” thinking in software development and delivery. The company has ranked among the 50 fastest-growing privately held firms in the Philadelphia region for three consecutive years, in addition to being recognized as one of the world’s most “democratic” workplaces, and one of the region’s best places to work. Mr. Robertson is also known internationally for his work pioneering Holacracy at Ternary Software, and sharing that learning with others. He frequently teaches and speaks at conferences, occasionally as a keynote, and his published writings have been translated into several languages. Prior to founding Ternary Software, his background in software and organizational leadership spanned many roles and has been a passion for most of his life; he began programming at age six, and launched his first software-related business at age twelve.



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More information about Ternary Software is available at <http://www.ternarysoftware.com>, and more information about Holacracy and HolacracyOne is available at <http://www.holacracy.org>.