

Holacracy driving Sustainable Future Winners

A white paper

January 2022



Preface

The winners of the future will make sustainability productive for the world and their businesses. Innovation and creativity play a crucial role. That calls for people who think in terms of solutions, collaboration, respect for others and the world, dialogue, wholeness, and talent. They create organizations that focus on continuous improvement. Listening, not knowing, is at their core. This is reflected in the organization of their thought and decision-making processes. Holacracy is a powerful way to facilitate this organization. Fast growing companies like car manufacturer Lightyear, learning and development platform Springest, mortgage consultant Viisi, or solar panel manufacturer Enie.nl have experience with the implementation of (the principles behind) holacracy. They are enthusiastic, although they see room for improvement. This white paper describes what holacracy is and how it contributes to the success of future winners, while also having an eye for its downsides. One thing is certain: holacracy creates an environment in which individuals can thrive, form relationships, and contribute to joint success. It organizes human interaction in such a way that individuals contribute to the objectives of their team and the company by bringing their knowledge, experience, and enthusiasm to the workplace.

Dear entrepreneur, manager, professional or employee

When you look around you in your organization, do you see eager people working enthusiastically towards a common goal? And how about yourself? Always in good spirits and motivated for the common cause? If so, you are blessed. But do you know what drives others? Are you listening to them and is your business an environment where they can put their dreams, ideas, values, and ambitions into action? If the answer is yes, again, then you apparently do something right. You might not find much new in this white paper. We would, however, love to get in touch with you to learn from your knowledge and experience.

Many companies would like to see their employees working enthusiastically for the simultaneous achievement of individual and collective interests. In our rich day to day practice we regularly encounter examples of companies that make us very happy. This white paper is intended for companies who would like to create an environment in which employees can optimally combine their own needs and interests and those of the company. It aims to inform the reader about fast growing startups and scaleups with experience in self-organizing - and in particular with holacracy. This form of organizing allows employees to contribute to the company goals, based on their knowledge, experience, ambitions and life goals, both independently but as part of a team. Holacracy takes employees seriously, it offers opportunities to demonstrate and further develop their talents. That sounds like providing employees with an unending freedom. The opposite is true. Self-organization requires structure, discipline, good arguments, and the willingness to listen to each other. This usually results in motivated employees, an effective and efficient organization and a contribution to a goal that is bigger than the individual, the team, and the company. This certainly applies to the future sustainable winners, of which several are reviewed in this white paper. Possibly holacracy is something for your company. After reading the paper you will know.

Martijn van Rensch
Partner Deloitte Private
mvanrench@deloitte.nl

Prof. Dr. Harry Hummels
Professor Maastricht University
h.hummels@maastrichtuniversity.nl

Table of contents

1. Introduction	1
2. Future winners	1
3. Holacracy	1
3.1. Emergence and development of holacracy	2
3.2. The characteristics of holacracy	3
3.2.1. The purpose of the enterprise	3
3.2.2. Operational decision-making	3
3.2.3. The principle of consent	4
3.2.4. Roles	4
3.2.5. Alignment between circles	4
3.2.6. Considerations to consider	5
3.3. Conclusion	6
4. Future sustainable winners with a holacratic organization	6
4.1. Springest	6
4.2. Viisi	8
4.3. Enie.nl	9
4.4. bol.com	10
4.5. Lightyear	11
5. The lessons in a row	12
5.1. Organizing the upside	12
5.2. Taking the downsides into account	Error! Bookmark not defined.
6. Conclusions	17
7. Authors	18

1. Introduction

"It is the long history of humankind that those who learned to collaborate and improvise most effectively have prevailed."

This insight, often attributed to Charles Darwin¹, refers to the need for cooperation in order to survive and succeed in our dynamic world. This applies to society, but also to business organizations. Some companies explicitly aim to contribute to the preservation of the community and the planet. In addition to small, often innovative companies, large corporations are increasingly becoming aware of their beneficial and harmful contributions to a sustainable economy². Little by little, they are paying attention to matters such as energy transition, social inclusion, nature conservation, (bio)diversity, poverty reduction, accessible healthcare, a regenerative society, and so on.

This white paper examines the potential future winners that contribute to a sustainable, inclusive, or equitable economy. The paper aims to familiarize the reader with the world of tomorrow's sustainable companies in a clear and informative way. Who are these trailblazers and what makes them special? In this report, we focus on business organizations that apply (elements of) holacracy by creating an environment in which employees' individual development is linked to the success of companies leading our future sustainable economy.

Future winners shape tomorrow's world by tackling today's problems.

The white paper is structured as follows. First, we describe the concept of "future winners", followed by a description of holacratic organizing and decision-making. Next, we discuss five pioneers of our future economy. How did they organize their decision-making and to what extent did it contribute to their success? We conclude with a brief reflection on the value of holacracy for companies aiming for economic and societal success.

2. Future winners

It's not hard to see that Just Eat Takeaway, Mollie, Messagebird and Adyen have been winners in recent years. They are Dutch Unicorns³ that have expanded enormously in a very short time. They developed from young, promising scaleups to the star players of their

industry. The business model is scalable and profitable, growth financing is widely available, and they have stable organizations. More interesting than companies that have already reached the top is looking at scaleups with the potential of becoming the winners of the future. Future winners are 'the shapers of tomorrow's world that tackle today's problems'⁴. In this paper, we go one step further. We look at companies that connect economic success with improvements that benefit society or the planet.

We therefore speak of *future sustainable winners* (FSWs) as a subcategory of the universe of future winners. In a businesslike manner, they find solutions within themes such as the energy transition, sustainable mobility, organic food, or access to high-quality healthcare for all. The FSWs are often led by passionate, talented, and experienced people who are committed to a sustainable market transformation.

Our social issues are their business challenges.

The focus on market transformation requires scaleups to look beyond their boundaries in terms of collaboration, permeable borders, networks, and ecosystems. Where can synergies be found, what is the potential for multiple value creation, and how to achieve both? Future winners have the following characteristics:

- Relatively young, independent scaleups with a turnover of at least five million euros
- Annual sales growth over the past three years of at least twenty percent,
- A solid financial basis and broad access to investors
- Good opportunities for upscaling and strategic collaboration with corporates,
- Commitment to social or environmental improvement,
- Capture and report on multiple value creation.

3. Holacracy

Simply put, holacracy is a form of organizing without managers. More precisely, it is a continuous process of organizing that is based on the autonomy, responsibility and ambition of employees who collectively contribute to a 'whole'. That 'whole', referred to as a holon, circle or cell, is in turn part of a larger 'whole', just as human cells are part of a body. The holarchy⁵ - a concept introduced

¹ According to the Darwin Correspondence Project at Cambridge University, the attribution is incorrect, although the quote closely matches his work. See <https://www.darwinproject.ac.uk/people/about-darwin/six-things-darwin-never-said#quote3>

² Science, as expressed for example in the 6th IPCC report, is not worried about the survival of the earth as such. In time it will recover by itself, albeit with an adjusted natural balance. The concerns are focused on the survival of the human species on earth.

³ Investopedia defines a Unicorn as a company (in private hands) worth more than USD 1 billion. Often the companies operate in the technology sector, but not necessarily. An example is CitizenM.

⁴ Deloitte Private, *Shaping the world of tomorrow*, Amsterdam, September 2020, p.2

⁵ Arthur Koestler introduced the term in 1967 in his *The Ghost in the Machine*

by Arthur Koestler referring to the connection between the holons - opposes a hierarchy. It has no superordinate or subordinate circles, just as a body has no superordinate or subordinate cells. The higher level does not impose its will on a lower level. Referring to Koestler's holarchy, Brian Robertson introduced the term 'holacracy' in 2007⁶. The term refers to a governance model that is suitable for private and public organizations, both for-profit and not-for-profit. This white paper specifically focuses on for-profit organizations.

Holacracy is a form of organizing without managers.

Central to holacracy is the mission of the company. In order to achieve its mission effectively, efficiently and enthusiastically, employees fulfil a variety of roles. They shape their interactions by following seemingly rigid decision-making processes. Whereas bureaucratic organizations aim for predictability in a changing world with Newtonian precision, holacratic organizations create predictability through organic and adaptive systems to deal with external challenges⁷. In this section, we take a closer look at some of the foundational characteristics of the control and decision-making model. Prior to discussing the characteristics, we consider the development and emergence of holacracy as one of the forms of self-organization.

3.1. Emergence of holacracy

Holacracy is a form of self-organization. It gives employees the freedom to create their own jobs. The emergence of self-organization can be traced back to the 1950s. Researchers at the Tavistock Institute of Human Relations studied the influence of new technologies on post-war production in English coal mines. The researchers found that employees who could influence the design of their work organization and exercise control over their work performed better and were more satisfied with their work⁸. Since then, various forms of democratic organizational design have emerged, most recently by former McKinsey consultant Frederic Laloux (2014) in his *Reinventing Organizations*.

Disciplined self-management, applied to the whole company.

Central to this shift is the holacratic constitution that grants rights to organizational members. Holacracy, according to Brian Robertson (2007), is based on sociocracy that was developed in the 1960s by Dutch entrepreneur Gerard Endenburg⁹. He formulated principles which contribute to individual development and the achievement of collective objectives. Sociocracy means control by the 'socios', the community¹⁰. The collective is central, but individuals should be able to influence it. Sociocracy is a form of self-management applied to the company based on four principles:

- 1) Organizing in the form of circles
- 2) Representation in higher circles by a double link
- 3) Election of representative links
- 4) Decision-making based on consent - also referred to as the principle of 'no objection'.

We focus on holacracy in this paper since it is widely adopted in the past decade¹¹. Important in its acceptance is Robertson's (2007; 2015) disciplined and software supported approach to holacracy. Figure 1 paints a general picture of a holacratic organizational model¹².

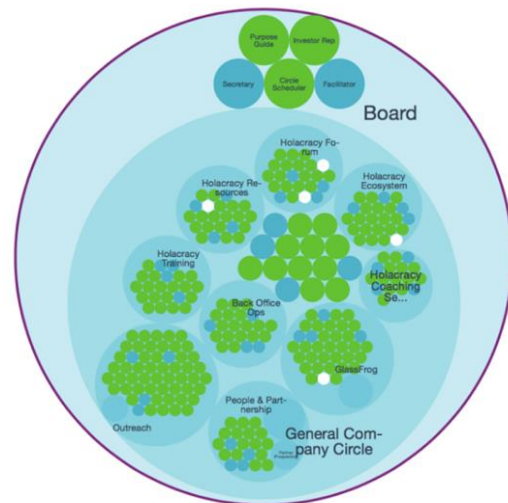


Figure 1: General holacratic organization model

⁶ Robertson, B. (2007). Evolving Organization. *Integral Leadership Review* 7 (3) June 2007. He later elaborated on this in his 2015 book *Holacracy, The New Management System for a Rapidly Changing World*.

⁷ See Bernstein, E., et al. (2016), Beyond the Holacracy Hype, *Harvard Business Review*, July/August

⁸ See among others, Pasmore, W., Winby, S., Albers Mohrman, S., Vanasse, R. (2019). Reflections: Sociotechnical Systems Design and Organization Change, *Journal of Change Management*, 19:2, 67-85; Lee M., Edmondson A., (2017) Self-managing organizations: exploring the limits of less-hierarchical organizing. *Research in Organizational Behavior* 37:35-58. <https://doi.org/10.1016/j.riob.2017.10.002>

⁹ See among others Buck, J., Endenburg, G. (2010 - originally 1984) *The creative forces of self-organization*. Sociocratic Center, Rotterdam; Romme, A. (1995), The sociocratic model of organizing, *Journal of Strategic Change*, Vol.4, 209-215; Endenburg, G. (1998). *Sociocracy. The organization of decision-making 'no objection' as the principle of sociocracy*, Eburon, Delft; Buck, J. A., Villines, S. (2017, originally 2007). *We the people: Consenting to a deeper democracy*. Center for Sociocracy.

¹⁰ According to Buck and Endenburg (2010), the term sociocracy comes from the French sociologist and philosopher Auguste Comte.

¹¹ See Bernstein, E., et al. (2016), Beyond the Holacracy Hype, *Harvard Business Review*, July/August

¹² Source: <https://support.glassfrog.com>

3.2. The characteristics of holacracy

Holacracy has some specific characteristics. In the following we will discuss the purpose of the enterprise, operational decision making, the principle of consent, roles and circles, mutual coordination and the limitations of the control and decision-making model. We close this section with some conclusions.

3.2.1. The purpose of the company

Companies are set up with the intention of making a contribution to the world - however modest that contribution may be. They want to develop, produce, advise, sell, and earn a living by doing so. Many companies these days want to do this producing as little harm to society and the planet as possible. The goal is not set in stone. It can change in the course of time, as a company like Philips have shown. From light bulbs, radios and household appliances, the company has transformed into a pioneer in medical technology. It aims to make the world healthier and more sustainable through innovation, and in doing so, improve the lives of 2.5 billion people by 2030. We also find similar ambitions among the future sustainable winners. Lightyear's goal is to make clean mobility accessible to everyone, while Enie.nl aims to provide access to solar energy for all. Springest, finally, wants to "help everyone realize their full potential"¹³. Interestingly, Springest is about to change its purpose as a result of the observations of a newly hired Springeteer.

What will bring the goal closer to realization is often unclear. Will a solid marketing campaign contribute to the goal? Is it necessary to invest more in training and development of employees? Is a partnership with that leading software supplier required or is it preferable to develop the modules yourself? Is it wise to start a pilot in Belgium and France? Who will say? Using holacracy there is always someone who with a role and authority to answer each of these questions. If no such role is available the organization faces an imbalance¹⁴, which should be addressed. A role consists of a description of a specific sub-goal that contributes to the larger purpose of the enterprise and the responsibilities of the role. Based on the role description, the role may decide that a marketing campaign contributes to the goal, an employee should follow a training, or a deal with a supplier is in the interest of the company.

3.2.2. Operations versus governance

To the extent that decisions are part of the role, they are discussed in operational meetings, referred to as 'tactical decision-making', or in informal consultation. Upon opening the operational meeting, the facilitator invites

members to 'check-in' with personal announcements. These may concern work-related or private issues. The aim is to quickly establish whether employees are experiencing any obstacles. Then the chairman - or facilitator in holacracy jargon - takes stock of whether anyone wants to put items on the agenda, including imbalances or 'tensions'.

Operational check-in is efficient and effective to share information.

As soon as a member of the circle experiences an imbalance, she or he reports and explains the issue once it is being discussed. The procedure is very strict and there is no room for discussion with the tension holder. Other members of the circle just listen. As a rule, coming to the end of the presentation, the facilitator asks the speaker if (s)he has a solution to restore the balance. Only when the holder of the imbalance has spoken may other circle members ask clarifying questions. Opinions, objections, or suggesting alternatives are not permitted at this stage, but only are allowed during the next phase of the consultation. These questions, comments, objections, and suggestions must relate to (the removal of) the imbalance. After all objections, questions and suggestions have been raised, it is up to the party submitting the objection to address them one by one. At the end of the discussion, the chairman asks what conclusion the tension holder has reached. If a solution is found to which nobody objects, (s)he is free to tackle the issue and restore the balance. The procedure may appear disciplined and even rigid. In the end, it prevents time being wasted on discussion. The operational check-in is efficient and effective in sharing information and solving problems.

In addition to operational decisions, holacratic firms sometimes have to deal with governance issue. Suppose that the "development" circle of a holacratic company intends to partner with a software supplier. And suppose that the "production" circle feels uncomfortable with this decision because it interferes with other partnerships. The circle may not have a problem with the quality and service of the supplier but considers the choice suboptimal. Production objects, as it believes that 'development' is not competent to make partnership decisions. This 'tension' is not an operational but a governance issue that requires governance consultation.

¹³ <https://springest.com/nl/over-springest>

¹⁴ The holacratic literature often speaks of tension. We prefer the term 'imbalance', indicating that the organization or work process is not in balance to achieve the desired goal.



3.2.3. The principle of consent

Whether companies deal with operational or governance issues, at all times the principle of "no objection" goes to the heart of holacracy. This principle was developed in the second half of the previous century by Gerard Endenburg. It refers to the power to temporarily suspend someone's freedom of action. If someone believes that a proposal adversely affects her, or his own role can file an objection. To do so, the objector must provide sound arguments. If the reasons are considered valid, the objection suspends the action. A decision, like the one to partner with a software firm, can only be made after all objections have been settled.

3.2.4. Roles

Central to holacracy is the focus on goal achievement. To realize the goals of the company, employees define their own roles: meticulous descriptions of clusters of tasks, powers, and accountabilities. Related roles are grouped into circles with the purpose of shaping certain tasks in a coordinated way. Here, a special phenomenon occurs. Holacracy is not about putting people in the spotlight. Roles are the main characters in the holacratic theatre. Individuals are, at best, competent role-players. If two characters – let's call them Joanne and Mustafa – occupy the 'social media marketing' role and the 'online content' role is not important. Their knowledge and skills to fulfill their roles matter. Therefore, collaboration does not take place between Joanne and Mustafa, but between the 'social media marketing' role and that of 'online content'. The employees are merely stewards. They live the roles in the interest of the circle and the company.

Roles are the protagonists of the holacratic theatre.

In doing so, holacracy surprisingly follows in the footsteps of Max Weber, whose bureaucratic system holacracy aims to overcome¹⁵. By expertly and skillfully fulfilling a role its holder contributes to the organization's purpose. Holacracy is in the words of Robertson:

"Not a process 'of the people by the people and for the people'. It is governance of the organization by the people for the purpose".

At the same time, adequate role fulfilment creates space for personal relationships. The task-related aspects are indeed well assigned and recorded and therefore do not stand in the way of committed relationships. We will return to this in 3.3.

So how do employees obtain roles? Quite simply, they are either distributed or created. Holacracy is unique in the possibility it offers to employees to refuse a role or to give it back after a while. If a role does not suit the employee (any longer), (s)he can choose another job - obviously within the means available for goal realization. Holacracy thus allows employees to give their careers a personal twist. No one can stop you, as long as the intended change does not come at the expense of others who withhold their consent. It is here that self-organizing finds its expression. Employees can create roles and autonomously execute them. If they see a challenge that is not yet defined in a formal role description and wants to take up the challenge, simply describes a new role. If nobody objects on good grounds, the role representative can get to work in a way that suits her or him or her.

3.2.5. Alignment between circles

Each circle is represented in the next higher circle that encompasses it in two ways. First, there is the 'lead link'. This role is responsible for coordinating the activities within the circle and its connection to the larger purpose of the whole. The lead link creates and safeguards an environment in which members can contribute to the circle and the organization. In addition, the lead link acts as a sweeper: (s)he is responsible for any necessary task that is not picked up by any other team member. It would be a mistake, however, to equate the lead link role with that of a traditional manager. Managers have authority to direct the activities of their subordinates, which lead links lack. Next to the lead link, each circle has a 'rep link' - or representative link. Her or his task is to convey the circle's views to the next higher level. The rep link also reports imbalances that cannot be solved by the circle itself. (S)he is elected by the circle - usually for a fixed period¹⁶.

¹⁵ See Bernstein, E., et al. (2016), Beyond the Holacracy Hype, *Harvard Business Review*, July/August

¹⁶ Robertson assumes that the lead link is appointed from a higher level, because the superstructure believes that the person in question has the

qualities to fulfil the role well. Practice shows that this does not always happen. Viisi, for example, allows the members of the circle to choose their own lead link, just like the rep link.

Holacracy is not for everyone.

3.2.6. Some potential downsides

Giving space to roles, autonomy, a clear decision-making structure, and contributing to a common result, are all advantages of holacracy. But not everyone thrives in such a context. Holacracy has its limits. In this section, we consider the possible downsides and how a company might be able to overcome them.

A key characteristic of holacracy is that employees have autonomy to fulfil their roles. The flipside of this tenet is that the role requires initiative and responsibility. Not everyone is cut out for holacracy. As a result, emphasis should be placed on the selection of new employees. It is not the specific knowledge and experience of employees that is important, but the match between the person and the holacratic organization that determines success. To ensure the fit of new recruits, current employees often have a strong voice in the procedure. The downside of cooptation is that employees select clones of themselves. The system shows strong similarities with a popularity contest in high school¹⁷. This leads to the question of whether the company is sufficiently diverse and whether employees challenge each other. Do they sufficiently take different perspectives? Obviously, colleagues from other circles can ask critical questions, but only if their work interests are harmed. If there are no imbalances, there is no basis for challenging a colleague - other than in periodical company meetings.

A second element concerns the distribution of power. Formally, power lies with the role and not with the person who fulfils it, but the story does not end there. Every organization has formal and informal power structures. Authority is vested in individual based on characteristics other than role-related tasks, powers, and responsibilities. That authority may derive from personal characteristics - specific knowledge or qualities that make a person a special, irrespective of her or his formal role¹⁸. Of course, holacracy ensures that even someone with informal power must walk the line if disagreement occurs with a colleague. However, one person is more persuasive and authoritative than another. Is it worse, one could ask, to be criticized by a traditional boss than by a charismatic holacratic colleague, when your arguments are better¹⁹?

A third element concerns the strategy of the company. Where relatively minor adjustments are concerned, strategic interventions can be accommodated within the holacratic procedures. But what if it is a matter of radical repositioning? Is it wise to tap into new markets? Should business activities aimed at a B2B market be terminated? Should a new CRM system be purchased? Questions like these are more difficult to answer within the holacratic system. Based on research in three companies, Lee and Edmondson show²⁰ that holacratic systems show gaps in preparing for strategic decisions. Therefore, it does not surprise that decisions on corporate strategy are regularly taken by the owners of the firm.

A fourth element concerns the emphasis on individuality. It is true that roles operate in conjunction, but the basic principle is that everyone can act as (s)he pleases within the role, as long as the execution does not harm others. Despite employees being team members, individual interpretation of roles is crucial. In addition, employees have often numerous roles. Bernstein and colleagues point out that on average, each individual has about 25 responsibilities. Although organizations have rules of thumb to reduce complexity, such as "Eat the frog" or the "Eisenhower Matrix"²¹, the whole remains challenging.

The fifth element concerns the limited fit between holacracy and the nature of the organizational processes or products. Service companies, or those operating in fast moving consumer goods, can benefit from holacracy; process industries, on the other hand, often leave little room for variation and individual discretion. They face greater challenges in this area.

Finally, scaling up a holacratic companies is not without its problems. Although the software that holacracy uses does not impose limits on its implementation, scaling up holacracy in practice turns out to be challenging²². The complexity of coordination increases, and finding the right people also takes time. Nevertheless, companies such as Zappos in the US, with some 1500 employees, and bol.com in the Netherlands, with more than 2000 employees, successfully implemented forms of holacracy.

No more big egos. There's no room for that anymore.

¹⁷ See Martella, F. (2019), What makes self-managing organizations novel? *Journal of Organization Design*, 8:23 <https://doi.org/10.1186/s41469-019-0062-9>

¹⁸ See Martella (2019)

¹⁹ The question is rightly asked, though not answered by Puranam and Håkansson in Puranam P, Håkansson, D, (2015) Valve's way. *Journal of Organizational Design*, 4:2-4

²⁰ Lee M., Edmondson A., (2017) Self-managing organizations: exploring the limits of less-hierarchical organizing. *Research in Organizational Behavior* 37:35-58

²¹ Eat the frog refers to the rule of starting each day with the task you dread the most. If that is fulfilled, then the rest of the day is a party. The Eisenhower Matrix helps to determine priorities. The role holder is asked to make an inventory of all the tasks and to prioritise the most urgent and important tasks. Finally, it is important to check at the beginning of the day whether colleagues are asking for your help. Avoid avoidable delays.

²² See among others, Bernstein, E., et al. (2016), Beyond the Holacracy Hype, *Harvard Business Review*, July/August

3.3. Conclusion

Holacracy is a disciplined form of self-organizing. The discipline is facilitated by a software system in which roles and responsibilities are defined and the progress of the developments in the organization are monitored and recorded. At the same time, the individual is free to do whatever (s)he deems necessary to fulfil the expectations, obligations and responsibilities associated with the role. Holacracy, however, does more. The environment it creates allows people to be themselves, with no need to exhibit strategic behavior in performing their duties, powers, and responsibilities. Holacracy proves to be:

"the best recipe for a human culture that harbors more empathy, connection, authentic communication, and other forms of productive human dynamics." (Robertson, 2015:215)

Given the limitations mentioned in section 3.2.6, Robertson's is too quick to cry victory. Holacracy is a very valuable way of self-organizing and offers employees room for development. However, it is not without its limitations. Holacracy is not unique in enabling employees to express their humanity in performing their tasks, in collaborating with others and in realizing the company's purpose - something that Robertson acknowledges. What remains is that holacracy's focus on processes and structures provides objectivity to the company and the way in which it tries to achieve its objectives. No more large egos because there is no room for them. No more nepotism, old boys' network, or other ladders and back doors that serve the interest of the most powerful and cunning individuals in the company. Holacracy creates space to autonomously fulfil the purpose of the role - as long as it does not harm the interests of others. The system promotes freedom, development, and humanity by regulating roles, tasks, powers, and responsibilities and ensuring good interaction.

Given the framing of holacracy and against the backdrop of our interest in future sustainable winners, the question arises: how do FSWs apply holacracy and how do they see the future of the governance and decision-making model?

4. Future sustainable winners and holacratic organizing

The Netherlands has some three thousand potential future winners, mainly in sectors such as agriculture and food, technology, and logistics. To a lesser extent, these companies work in creative sectors, horticulture, healthcare, and energy. Three scaleups stand out because of their experience with holacracy. These are Enie.nl, Springest and Viisi. A fourth, Lightyear, is interesting

because the company has considered holacracy, but eventually chose a different approach. All aim to contribute to a better world. Except for Springest, the companies were part of the 2020 Top 250 growth companies in the Netherlands. In addition to these potential FSWs, we share insights from bol.com. While the company is not a future sustainable winner in the sense described in section 2, it does apply holacracy-based decision making. In the following we will look at the purpose of each company, the importance of holacracy and the relationship with its growth objectives.

4.1. Springest

The purpose of the company

Ruben Timmerman was looking for a suitable education almost 15 years ago. Overwhelmed by the offering of courses, training and educational programs, comparing them was hopeless. In 2008 this led to the start of Springest²³, an online platform that compares and offers courses for organizations and individuals. Springest's mission is "to help people around the world reach their full potential". To this end, it offers a full overview of educational opportunities for all who are interested in professional or personal development. This way you will always find growth opportunities that fit your learning style, wishes and budget. Everything is aimed at sustainable learning. The company has over 50 employees. It started using holacracy in 2012 when the company could no longer be run from the kitchen table. An additional management layer was necessary but not desirable. It resulted in Springest becoming one of the first companies in Europe to adopt a holacratic organization model. Ruben signed the holacratic 'constitution' shortly afterwards and transferred the power to make decisions to the collective of employees. He remained the company's main shareholder.



Decision-making

Springest applies holacracy by the book. That's fitting for a company that describes itself as somewhat 'nerdy'. Springeteers value holacracy because of its transparent and data-driven decision-making. Anyone can bring in any proposal. Other Springeteers can only block that proposal if they have data showing it is harmful for themselves or for the company ("bring data"). In practice, this can lead "to someone who only joined the company two weeks ago to propose changing the company's purpose" - and seeing this proposal adopted. When submitting projects, Springeteers are asked to indicate its importance ("why now?"). To keep each other well informed, tactical and governance meetings are held on a weekly basis – the one directly following the other. The week ends with a Town Hall meeting. In the context of efficient operations,

²³ Initially, the company started under the name Eduhub. Internationally, that turned out not to be a good name.

Springest allows for two exceptions to the holacratic rules:

- 1) the rep links participate in meetings as far as relevant to them, and
- 2) employees have the freedom to be absent from circles of which they are not core members and their presence is not considered desirable or necessary by other members: 'you are a kind of silent partner; you may participate, but you do not have to'.

A second element associated with open decision-making is that it avoids untransparent deal-making. Meijer adds:

"When Ruben and Ewout come together without transparently communicating their decisions, you get shadow power, the backroom politics. As we must be transparent about what we do and why, and back it up with data, holacracy prevents secrecy."

Given the nature of the business, with learning and development at its core, it is not surprising that Springeteers work from Objectives and Key Results (OKRs). The tool allows teams and individuals to set challenging goals. OKRs enable users to align their goals, measure progress, and increase mutual commitment. Nevertheless, Springeteers find it sometimes difficult to make decisions. When this happens, it is up to the lead link to put employees at ease and give them confidence. More than just a system, holacracy is a way of working in which Springeteers are challenged to perform to the best of their abilities, those of their team and of the organization as a whole.

The biggest challenge is unlearning old ways.

Roles versus employees

At first, Springeteers were challenged to get used the holacratic way of working, with old and new systems clashing. If you don't understand the rules of the game, they are difficult to appreciate. To implement holacracy properly Springest worked closely with an external consultant and trainer. According to Ewout Meijer, the biggest challenge is to unlearn old habits – not to learn new ones. It is about letting go of politics and stopping "games". Also, appreciating that all Springeteers are equal was a challenge at first. Employees lost their position and job title from which they derived status. Now that the system works, nobody wants to go back. Employees are given of space and responsibility and show a steep learning curve. Holacracy therefore works well for someone eager to develop who likes structure and clarity:

"I don't have to think about taking orders from a boss anymore. You're close to the fire and you know best what are the right decisions".



As an employee at Springest you can create new roles or change your role via the governance process. It is not always the case, however, that the employee who creates the role also gets it. It is the Lead Link who decides on the allocation or reallocation of roles. The holacratic way of role assignment promotes individual and organizational freedom and rapid innovation. Springest records its working methods and performance in Asana, including the assignment of roles within the circles. This is visible for everyone, including the performance assessments of Springeteers. The actual salaries of the employees are not (yet) publicly accessible. At present, Springest is reviewing its appraisal and salary system based on experiences of other organizations working with holacracy, like Viisi and Voyce.

Growth

Springest is the market leader in its sector. In 2017, the organization partnered with FD Media Group. The platform now offers over 250,000 courses from over 7000 providers with a reach of 300,000 visitors per month. The organization operates in the Netherlands, Belgium, Germany, the UK, and Sweden and aims for further growth to facilitate learning worldwide. "Learning needs of people do not stop at the border", says Ewout Meijer. Springest grows by following its business partners all over the world. In this way, the company can expand internationally and live up to its ambition to remain the largest learning platform growing sustainably and with high levels of service. To enable growth, Springest looks for good developers. Holacracy gives the company an advantage over the competition.

4.2. Viisi

The purpose of the company

You're obviously doing something right if your clients and your staff give your company a score of 9.5. That's what Viisi, an independent mortgage advisory chain, has been doing for years in a row. The company was founded in 2011 and has over 60 employees - and counting. The average age drops as the company grows. It recruits young people straight from university. Viisi focuses on highly educated clients with equally high educated advisors. In 2016, implemented a holacratic decision-making model²⁴. Initially, not everyone was enthusiastic. One employee spoke of "a drama". Another commented:



"In the beginning I was quite skeptical about holacracy, which I expressed at the time. I was like, 'Why do I suddenly have to make my own decisions? Let my supervisor do that, I'll just keep doing my thing. Looking back now, I know it was good, also for my own development'".

Meanwhile, employees are positive about holacracy. New employees are introduced to it in their first two months with the help of an internal coach.

Decision-making

Viisi applies the principles of holacracy, but also deviates in part. The company is firm, but not dogmatic. Execution of roles is central, and the decision-making process facilitates that execution. The company is not too strict in applying its decisions. If a subject requiring management decision-making comes up during a 'tactical' meeting, the consecutive governance meeting often follows immediately. In addition, Viisi does not assign the lead link role. Like the rep link, circles choose their lead link. The democratic process leads to better support within the team. "At Viisi, everyone can tell their story", says Marc-Peter Pijper of Viisi²⁵. It is a great advantage of discipline and space that come together in holacratic decision-making.

If you put your traffic light on red, colleagues will take over your work.

The role of employees

Viisi is characterized by a culture of collaboration and radical trust. This trust is facilitated by the holacratic model and by the guarantees the company offers its employees: job security, fixed salary with fixed accrual and plenty of room for personal development and flourishing²⁶. Employees at Viisi are allowed to define their own roles, contributing to the company's goals. It is known as 'job crafting'. If they need an education, training or coaching, the company takes care of that. If they have had enough of a role, they can end it and give it back to the team. Roles and circles are crucial, but for Viisi employees come first²⁷. Viisionairs see each other as fully-fledged human beings, not as human resources. Of course, employees need to meet the qualifications that apply to their role and profession. More important, however, is who a person is and if (s)he fits in the team²⁸. The mutual interaction between employees is important. Unpleasant tasks are divided based on the idea to "get the shit done"²⁹. Viisionairs can influence their personal workload, for which Viisi introduced a traffic light. If you put your traffic light on red, colleagues will take over your work. If your light turns amber, you work fifty percent. All without having the Viisionair has to take up paid leave. Mutual solidarity leads people to jump in for each other. It is essential, however, that everyone is transparent and honest. This also applies to employees who no longer accept new task or clients to finish their workload. It leads customers having to be patient. Work should remain fun. It is a reason why Viisionairs do not work at the weekend, even if they would not have a problem with it.

All Viisionairs are equal. This is reflected in Viisi's remuneration policy. The company distinguishes five function groups and links remuneration to seniority. The company does not use performance reviews and no performance-related pay. Each employee's salary automatically increases each year with a fixed amount. The remuneration system is like that of a bureaucracy, like a government, although it allows for market comparison. Viisi aims for its staff to be among the best-paid in the sector³⁰. The maximum a Viisionair can earn is the salary of a secretary-general of a ministry.

²⁴ The company offers insight into the structure of the company, the roles it distinguishes and the people responsible for those roles.

²⁵ See https://www.procesverbeteren.nl/Agile/Viisi_Holacracy.php

²⁶ As important as these elements are, they are the preconditions for developing an organization that continually realizes the interests of its most important direct stakeholders in concert. These conditions contribute to personal, group and organizational success, but do not explain this success.

²⁷ This was demonstrated during the corona pandemic when Viisionair and co-founder Tom van der Lubbe, together with Great Places to Work, initiated <https://wiezetjijopeen.nu>.

²⁸ That team is, however, a team that sells mortgages or provides support for those sales. Fit is the team is essential, but it requires an interest in and a will to work in the industry for at least between five and eight years, noted Lead Link Michiel Goris. Just enthusiasm for the team and the holacracy is not enough.

²⁹ https://www.procesverbeteren.nl/Agile/Viisi_Holacracy.php

³⁰ Van der Lubbe in *Intermediair* (n.d.): We guarantee that everyone gets paid up to the best 25 percent of his peer group. <https://www.intermediair.nl/persoonlijke-groei/competenties/viisi-tom-lubbe?referrer=https%3A%2F%2Fwww.google.nl%2F>.

Growth

People are key, but by creating an environment for human development, the company benefits as well:

"An environment where colleagues can work on the best version of themselves, work together based on their strengths and help each other - that leads to peak performance."

Respect for employees and trust ensure that everyone is more than 100 percent committed to the joint success of the company. As a result, Viisi provided advice for over 10,000 mortgages with a market value of €3.8 billion³¹. It featured the Top 250 Dutch growth companies and the list of Great Places to Work for years³². In the period 2019-2021 it even carried the title of 'best workplace' in the Netherlands and in 2021 also in Europe.

4.3. Enie.nl

The purpose of the company

Patrick and Milan van der Meulen were brought up with the big issues in the world. At a young age they learned a lot about climate change. To this day, it still inspires them to make a positive contribution. In 2013 they started Enie.nl together with their father, Richard van der Meulen, with the mission to make solar energy available for everyone. Enie.nl was the first organization to offer to lease solar energy, without having to own the panels. This makes solar energy accessible for people with small budgets or a small roof. Enie.co.uk is a B Corp that hopes to make the earth a little nicer and better³³. However, as the company installs more solar panels, its land and fuel consumption increase. That's why the company committed in 2019 at the UN Climate Summit to be completely carbon neutral by 2030. In the brothers' vision, it is possible to operate successfully without burdening the climate - "from our colleagues' bus journey to the office to the overseas transport of our solar panels from Shanghai to Rotterdam".



Decision-making

In the summer of 2020, Patrick, Milan and Richard realized that the company was too dependent on its founders. The growth of Enie.nl made it increasingly difficult to manage the organization that consisted of more than 125 people - 50 in the office and over 75 as mechanics. The owners looked for an organizational model that would reduce dependency, clarify roles and responsibilities, and stimulate entrepreneurship within the organization. Two new employees who just came over from Voys³⁴ shared their experiences with holacracy and

guided Enie.nl's implementation. Enie.nl embraced several elements of holacracy, including defining the purpose of the company and the roles and responsibilities in Glassfrog. The company works transparently in circles. Its tactical holacratic meetings take place every week, while governance meetings are scheduled every two weeks. Other elements, like the constitution and delegating the strategy to the organization, were not adopted. Control over the processes, therefore, remains with the founders. As a result, Patrick, the company's CEO, prefers to speak of 'eniocracy' rather than holacracy. Even though transparency is important to Enie.nl it is not the highest goal, according to the CEO: "There are elements that you would rather not be transparent about, such as negotiations with financiers. The context for employees to understand the discussion is often lacking". Also, external stakeholders cannot take note of the roles in the company and their division. Glassfrog is currently only accessible to Enie.nl employees.

Holacracy works very well where projects are carried out.

The role of employees

The company introduced eniocracy in September 2020. Although it is still early to evaluate its implementation, employees seem satisfied. They have clear roles and responsibilities and know what they contribute to the joint company result. In addition, employees are kept informed of developments in the company through monthly get-togethers. Despite the general satisfaction with holacracy, circles differ in their appreciation. Those working on project basis in 'Development', 'Marketing' and 'People' are content with holacracy. 'Sales', on the other hand, has more difficulty with the new system. The DNA of the employee plays a role. They are flexible and thriving and see eniocracy as an opportunity – instead of a clearly demarcated decision-making model. They try to find their way of working within the model to take initiative and responsibility.

Enie.nl is pleased with progress so far. The objective to lower the burden on the shoulders of the founders has been met. The new way of decision-making has become ingrained, and meetings are conducted more efficiently. However, it is still the role of the founders to maintain the energy in the company and to stimulate the employees. Implementation was a process of trial and error, partly because implementation was the responsibility of two new hires. Next time, Patrick ascertains, he would call in

³¹ This is the position as at July 2021. The company grew particularly strongly in 2020, with a volume of over 2,100 mortgages with a financial value of over EUR 900 million.

³² The award was for the category of companies up to 50 employees.

³³ Enie.co.uk received the B Corp mention 'Best for the World: Environment' in 2019 and 2021.

³⁴ Voys is a provider of fixed telephony via the Internet. The company was founded in 2006 and currently employs 50 people. It has been working on the basis of the holacratic model since 2015.

external expertise. At the same time, an Enie.nl employee would have to secure the vision of Enie.nl. Also, Patrick would prefer a step-by-step implementation - circle by circle - instead of an integral implementation.

Growth

Enie.nl expects to experience strong growth in the coming years, nationally and internationally. The CEO is convinced that eniocracy will help the company steer its growth in the right direction. The company currently serves some 20,000 consumers. This places Enie.nl in the top 10 providers in the Dutch market. The ambition is to grow steadily in the Netherlands, but above all to tap into and develop new markets abroad. At present, the company is active in South Africa and Belgium. In the coming years several more countries will be added to the list. Each new country will start its own new circle and work according to the principles of eniocracy. Enie.nl also wants to grow internally by strengthening the entrepreneurship of its employees. In the past, employees were not selected on their entrepreneurial qualities, but that will change in the future. This requires the company to think more about the DNA of future employees and about the qualifications that match the roles. Couldn't this have been done with a different management model, as well? Patrick is in doubt: "There is a lot of overlap with traditional operating models, but the accents are slightly different".

4.4. bol.com

The purpose of the company

Harm Jans is the initiator of Spark, a holistic self-organization within bol.com. The name perfectly reflects Jans' approach. By inspiring teams time and time again, he has succeeded in getting the organization to embrace the change process.



"My problem was that people at bol.com were not - and are not - used to an all-in transformation program and certainly not when the decision to do so was taken at the top. The only

way to get results was to inspire change and start experimenting"³⁵.

bol.com currently has 2400 employees, about half of which work on the basis of holacracy principles. The company is part of Ahold-Delhaize and is responsible for the online sale and distribution of general merchandise. The company serves more than 12 million customers in the Netherlands and Belgium. To manage the organization more efficiently and effectively, Harm Jans started a holacratic pilot within his own logistics unit in 2015. Although the management had doubts about the proposed method, it gave Jans the freedom to start an experiment. It turned out that the experiment was successful and did not go unnoticed in the organization. As a result, Jans was approached by other departments that also wanted to join in. Holacracy One advised bol.com to organize a full roll-out from the top of the company. Jans decided otherwise. From the start in 1999, the company has had a culture in which employees have a high degree of independence. So, it doesn't work to use highfalutin concepts like 'holacracy', 'constitution' and 'tension'. It had to be simple, close to the employees' perceptions and from the bottom up. This led to the introduction of Spark - a spark that gets the engine going.

Decision-making

The engine started and is now running at full speed. To expand, Spark requires appropriate guidance and a down-to-earth approach. Jans took care of that, with the support of the management. To enable the broad implementation of Spark in the organization, coaching is required. Whereas Harm Jans could initially rely on a limited group of external consultants, the organization-wide implementation required a different approach. Many employees who had experienced Spark from the outset were now so familiar with the method that they began to act as coaches for fellow departments³⁶. It increased enthusiasm, reduced costs, and increased effectiveness. To achieve successful cooperation between the various departments, bol.com slowly but surely initiated cross-functional teams. The teams work on the basis of clear objectives, powers and responsibilities.



³⁵ See <https://corporate-rebels.com/bol/> dated June 18, 2017

³⁶ In order not to burden its regular workload, bol.com chose to deploy employee coaches for a maximum of one day per week. To be able to

coach properly, all coaches-to-be received an appropriate training prior to their deployment.

Work processes – and not the formal departments – are leading in organizing the company. Within boundaries, the teams choose their strategy and management. It works better for the organization, but above all it is more pleasant for the employees. To determine whether employees were satisfied with the new way of working, bol.com asked them to give a Net-Promotor Score (NPS). A high NPS means that employees are satisfied; a low NPS is a reason for further investigation. Holacracy is neither the beginning nor the end of decision making for bol.com. Management establishes the overall objectives. The way in which these are achieved is largely up to the teams. However, when it comes to major decisions, like building a new warehouse, management determines the goals and guides the way in which they are achieved.

The role of employees

The most important advantage of a bottom-up approach is the support it generates for implementing change. Departments spontaneously applied to be allowed to work with Spark. At the same time, the introduction from the bottom up inevitably leads to working with a dual structure. The part of the company that has not yet been touched by the spark, retains the functional structure. The remuneration and assessment of employees is also based on the company's functional structure. This raises the question for the self-organizing teams how much control they really have. Nevertheless, at some point the spark causes a fire - and affects the entire organization. Three years after the start, more than 1000 people in 120 circles were already working with Spark³⁷. To ensure that Spark remains top of mind, coaching and trust coming from the management are crucial. This requires discipline and attention in the whole organization. In general, Spark has many characteristics of holacracy but does not put the role central. It's the employees who operate in teams with a high degree of self-management that keeps the organization efficient, agile, and proactive.

Growth

Spark has a positive effect on the growth of bol.com. It increases the pace of activity in the online company. However, the bol.com operates within the framework of its parent company, Ahold-Delhaize, which reduces the speed of change. The size of the company also deserves attention. Large organizations require clarity in decision-making, good coordination, and sufficient certainty that everyone knows what has been agreed upon. This means that Spark is not a panacea. It is a means of serving clients as quickly and adequately as possible.

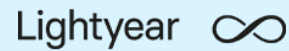
4.5. Lightyear

The purpose of the company

Solar Team Eindhoven won three consecutive World Solar Challenges with the Stella solar car in the Cruiser class.

The success paved the way for building a consumer version of the car. Members of the successful team then started Lightyear in 2017.

Lightyear's goal is simple: "clean mobility for everyone, everywhere". To this end, the Helmond-based company develops electric cars that run on solar energy. The prototype of the Lightyear One was launched in June 2019 and will appear on Dutch roads in 2022. The company works strategically with partners ranging from DSM to Sunpower and from TNO to Bridgestone and Deloitte.



Decision-making

At the start of the company, Lightyear was introduced to holacracy. The company was looking for an organizational and decision-making structure that met two conditions: as little hierarchy as possible and a strong autonomy for teams and employees to determine their own added value, structure, and way of working. Lightyear subscribes to the principles of holacracy but chose a model in which decision-making and co-operation were in line with the structure of its product; the operational systems that produce the car. Nevertheless, Lightyear adopted several holacratic elements, like working in circles, determining the purpose of each circle, and maximizing the discretion of each team. The circle 'People & Processes' adequately facilitates other circles aimed at a good governance, cooperation, and technological framing.

The company values are deeply rooted in the company.

The role of employees

In five years time, Lightyear has grown from a micro-enterprise to a medium-sized company with some 300 employees – and growing rapidly. The company has a strong culture in which autonomy, mutual respect and transparency are key. These are principles that also underlie the holacratic model. The company's values, as revealed by the culture scan that Lightyear regularly performs, are deeply rooted in the company and within the various teams. If employees do not agree with these values or do not conform to them, the company will terminate the employment contract. The culture also leads to employees constructively addressing and supporting each other. Lightyear has the firm conviction that - when the company grows to almost 1000

³⁷ <https://corporate-rebels.com/scaling-change-bol/> August 9, 2018

employees - it is possible to run the company based on the same principles. Lightyear's leadership wants to offer each unit sufficient autonomy, while clearly guiding the direction of the company. There is still some way to go.

Growth

An agreement has been made with a Finnish manufacturing company to produce the first 946 Lightyear One cars. The company is growing fast and has had several funding rounds, of which the last one with 40 million euros was very successful. The money will be used, among other things, to produce the Lightyear Two. The successor of the One should be cheaper and more accessible to a broader public.

5. Lessons to be learned

Holacracy – and more in particular its underlying principles – contribute to the success of the companies in this white paper. The decision-making structure ensures that employees are informed about the goals, processes and outputs and outcomes of the company. At its core it leaves room for the employees to contribute based on their motivation, ambitions, knowledge, and experience. At the same time, holacracy is not a panacea. The case of Lightyear shows that this sustainable winner finds inspiration in holacracy but chose a decision-making process that is more in line with the nature of the business processes. This paragraph discusses the upsides and downsides of holacracy.

Holacracy is possible in small, medium-sized and large companies.

5.1. Organizing the upside

Practice shows that holacracy has several characteristics that positively affect the business of future sustainable winners, such as mobilizing talent, dealing flexibly with the demands of the model, being able to respond quickly to developments, underpinning decision-making and working towards clear and mutually determined goals.

- 1) Talent and satisfaction among employees
If holacracy makes one thing clear, it is that companies are bursting with talent. That talent is not tapped when employees have to operate within the lines of the traditional hierarchy. When managers decide for them, employees become executors of plans that were conceived elsewhere. Holacracy ensures that its structure serves employees to make meaningful contributions. They operate in teams rather autonomously and coordinate their activities based on the principle of 'no objections'. If there are no objections, employees are to a large extent free to determine their roles and contributions to the joint

goals of the organization. They describe their tasks, powers and responsibilities and provide feedback on achieving their goals. This leads to increased competencies, a demonstrable contribution to the team result, and to satisfaction. It also leads to the companies being able to deal flexibly with challenges or changes in the market or their environment. They are enthusiastic about the effects of holacratic processes of self-organizing on the well-being of the employees, their cooperation and the company's financial, social, environmental, and organizational results.

- 2) No Holy Grail
This white paper shows that holacracy is not a uniform, one size fits all approach. Its principles can be applied to a greater or a lesser degree. Springest, for example, applies the principles quite strict. Viisi and Enie.nl take a more flexible approach to Robertson's handbook, while bol.com sees holacracy primarily as an inspiration. With Spark it developed a system that contains elements of holacracy but tailored towards the needs of its own processes. bol.com shows that holacracy can be applied in large organizations as well, and not just or merely in small and medium-sized companies.
- 3) Transparency and data
Holacracy is data-driven. The principle of consent allows employees to fulfil their roles as they please unless a colleague objects on good grounds. This means that the objection should be based on supporting data, brought together in the holacratic operating system - Holaspirit, Glassfrog, or Asana. The software system operates on the basis of radical transparency. Employees have insight into the processes, structures, and outcomes in the entire enterprise.
- 4) The benefits of holacracy
What offers an organization in which employees can define and implement their work? Both employees and companies reap the benefits. For the employees, holacracy means, among other things, that they:
 - be autonomous in their work as long as this is based on the consent of their colleagues
 - are fully aware of what is happening in the company and who contributes to what
 - have a view on their contribution to the whole.
 - can develop themselves - as employees and as people – translating their motivation into action.

For the enterprise, holacracy means, inter alia, that:

- employees are often proud, leading to greater efforts and commitment
- less coordination is required

- employees use their talents and come up with smart solutions
- the efficiency and effectiveness of work processes and of mutual coordination will increase
- recruitment and selection costs will decrease because of higher levels of employee retention.

Holacracy demands independent, enterprising, responsible and ambitious employees.

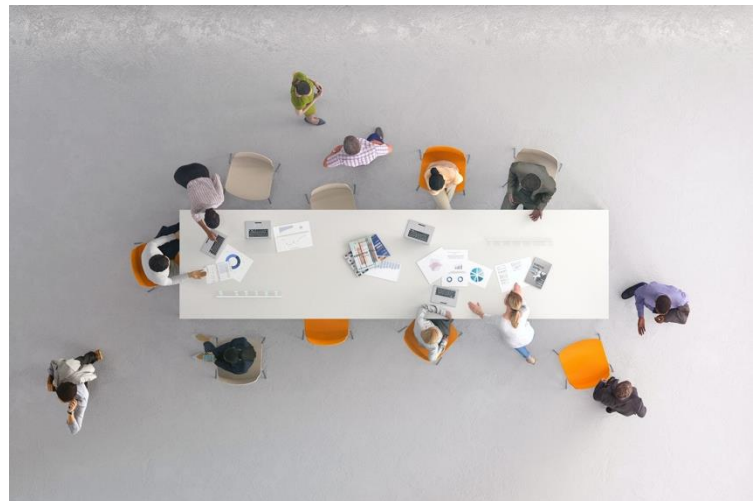
5.2. Taking the downsides into account

Holacracy stands for permanent dynamics and adaptation of structures and work processes. The only constant is the holacratic way in which decisions are made. This also has its downsides.

- 1) Not everyone's darling
Holacracy can be applied within small, medium-sized, and large businesses, but is not suitable for every company. Lightyear shows that the nature of its business processes demands some form of self-organizing at the level of the team instead of at the level of the individual. Before implementing holacracy, it is therefore important to analyse the business processes and determine whether they allow for the definition of roles, tasks, powers, and responsibilities on an individual level.
- 2) Differences in transition
The introduction of holacracy requires careful transition. Different choices can be made. Viisi and Springest, after careful preparation, opted for a full roll-out for the entire company at once. Enie.nl and bol.com preferred gradual change. Transition requires prudent implementation and support of experienced coaches. In addition to a thorough introduction of the principles, employees must become familiar with the holistic procedures, working methods and culture. Young employees generally have less difficulty with this than seniors. The latter sometimes have difficulty with the formal aspects of the new system - and often prefer short cuts, retaining their networks, sticking to their status and privileges that were characteristic of the old system. Regular refresher sessions appear to be a sine qua non for success.
- 3) The holacratic employee
Holacracy is not suited for all employees. It calls for independent, entrepreneurial, responsible, and ambitious employees. Those who want work from nine to five usually do not fit into a holacratic system. It is for this reason that companies like Viisi and Springest invest a lot of time in the selection of

employees. This pays off in the involvement and effort of employees and in their commitment for a longer period of time. As Ewout Meijer of Springest observes: 'former employees are often open to a new challenge at the holacratic company once they experienced that the grass is not greener on the other side'.

- 4) The driving forces
Holacracy promotes entrepreneurship and autonomy of employees. However, all companies in this white paper have inspirational leaders, pioneers, and entrepreneurs. They create the right dynamics, the culture, and the energy in the company. This role can vary and can be passed on to other initiators. The downside is that holistic companies run the risk of introducing elements of the "old culture" through the back door. The initiator is listened to just a little bit more and has just a little bit more authority, for example when submitting an objection.



6. Conclusions

In this white paper we talked about holacracy as a decision-making system that seems to express the spirit of our times. It facilitates employees to use their knowledge, experience, ambitions, and goals in life, while working to create the best result for their circle and the organization as a whole. In this way, the decision-making model ensures optimal development, (self) management and the use of the talents of employees, focusing on their own interests and those of the company. The fact that these companies demonstrate their concerns with the future of work, our society, and the planet, becomes an integral part of their success. Employees attach great value to companies caring for societal and environmental concerns and are highly motivated to contribute. Not surprisingly, these companies appear to have relatively fewer problems recruiting and retaining employees - although finding employees with the right 'cultural fit' requires careful recruitment and selection. With these employees on board, the companies appear to have crews that can handle any challenge. As Jim Collins mentions in his book Good to Great, business success depends on having the right people on board who take on the adventure together:

"The executives who ignited the transformations from good to great (...) first got the right people on the bus (and the wrong people off the bus³⁸) and then figured out where to drive it."³⁹

It does not really matter, Collins explains, where the journey is going. The destination and route can always be changed during the ride. This is what contributes significantly to the future success of these sustainable winners: they have an eye for social and environmental development in our global society and have the right teams in place to respond to them.



³⁸ Successful companies respect their employees, but timely say goodbye to those who do not contribute to their goals.

³⁹ Jim Collins (2001), Good to Great, New York, HarperCollins, p.43

7. Authors



Prof Harry Hummels is Professor of Ethics, Organizations and Society at the School of Business and Economics of Maastricht University and Professor of Social Entrepreneurship at the Utrecht University School of Economics. He worked for 17 years in leadership positions in the financial world and currently focuses on ethics, organizing responsibility, social entrepreneurship, and sustainable and impact investing.



Martijn van Rensch is Partner at Deloitte Consulting and Deloitte Private Consulting Leader in the Netherlands. He has 19 years of experience in organizational design, culture change and strategic business transformations. His sharp vision on leadership, culture, and innovation, as well as his energetic approach, are characteristics of his way of working



Annelies Heinen is Senior Manager at Deloitte Consulting and is part of the Organization Design service line of Deloitte Human Capital. She has extensive experience with major organizational transitions, both involved on the design side and on the implementation side. She enjoys working with organizations within the telecom, media, and technology sectors and with Future Winners.



Else Herrebout is Senior Consultant Business Model Transformation within Deloitte Consulting. She helps organizations with the translation of strategy to operations, especially for fast growing organizations like the 'Future Winners'. She has been working for Deloitte since 2016.



Svea de Swart is Senior Consultant Organization Transformation within Deloitte Consulting NL. Since 2018 she has been helping various organizations in the change and growth towards a future-proof organization with a strong focus on design of – and collaborations within the company.



About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.nl/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 264,000 people make an impact that matters at www.deloitte.nl.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.