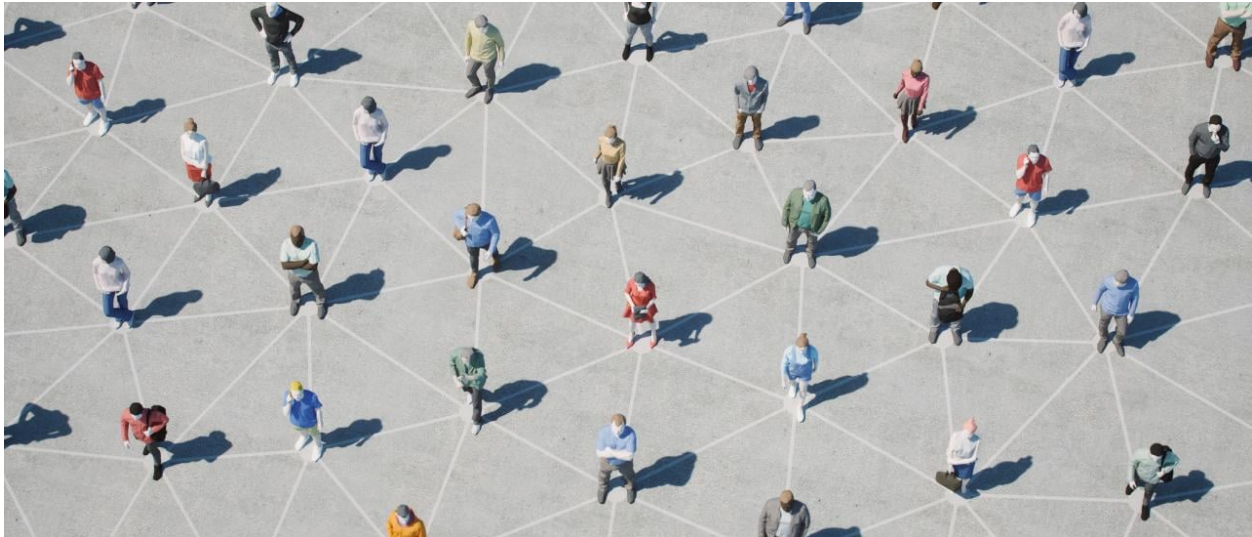

In the Current Crisis, Less Hierarchical Companies Show Special Resilience



By Noah Askin , INSEAD Assistant Professor of Organisational Behaviour, and Lionel Frankfort , INSEAD EMCCC '17

How can more traditional organisations leverage the cultural and behavioural aspects of self-management imposed by the Covid-19 crisis?

“Our three-year transformation towards a more participative organisation helped us to overcome this,” shared the CEO of the Brussels-region governmental employment agency regarding the Covid-19 crisis.

Experience told us that self-managed organisations should be well-positioned to handle upheaval. They rely heavily on employees’ initiative, entrusting them and nurturing their autonomy and responsibility – key features of any resilient organisation. Furthermore, they tend to have senior employees who adopt a coaching attitude (rather than command and control); empowering and collaborative decision-making processes; a strong, shared sense of purpose; and significant investment in employees’ personal development, far beyond instrumental technical skills. These organisations challenge the

traditional hierarchical model by pushing responsibility to every staff member.

With this in mind, we spoke with leaders across five self-managed organisations to explore whether and how their structure equipped them to deal with the current crisis. Moreover, we wanted to reflect on how traditional organisations could incorporate aspects of self-management – not just into their processes but also into essential elements of their culture.

Four of the companies we spoke with are transitioning to full self-management, while one, W.L. Gore & Associates, is a true pioneer. When Bill Gore created the company with his wife in 1958, he chose an organisational model that promoted cooperation and entrepreneurship and avoided too much hierarchy. Today, the company has replaced employees and bosses with associates, leaders and mentors; business plans take the place of budgets; and none of the 9,500 employees has a job description.

Weathering the shock

In many respects, the shock of the crisis has been no different for these five self-managed organisations. It has had an immediate and significant impact on each of them, largely negative: declining orders and client interactions, as well as more pressure from markets. Furthermore, these companies were forced to adopt health and safety measures like home-working or social distancing in factories, in addition to economic measures like part-time employment and factory closings. Even digitalisation, a critical area for several of these companies, had to be developed for certain processes like online training.

However, through our interviews, it became clear that three fundamental cultural traits have helped these organisations cope with Covid-19. These traits have grown directly out of each organisation's take on self-management. But they should be aspirational for any business, regardless of structure.

1. Trust and psychological safety

Although none of our interviewees used the term “psychological safety” – a feeling of trust in one's team such that members feel completely comfortable sharing ideas and opinions – it was clear that this was key to these organisations' responses. Even before Covid-19, their high levels of

internal trust were enshrined in routines, such as systematic emotional check-ins and check-outs at the opening and closing of meetings. Psychological safety is even more essential to team functioning and effectiveness (if harder to achieve) when everyone is working from home and dealing with personal, professional and existential stressors. For some of our interviewees, this crisis created momentum to deepen beliefs in the activities and behaviours that build trust.

For example, some organisations we spoke to paid special attention to employees with young children (by deliberately avoiding heavy workloads and tight deadlines) and people living alone (by ensuring more regular contact). Though ostensibly small gestures, they reinforced an employee-centric culture of trust and care.

2. Transparency first, then clarity

The management team of Actiris, whose CEO we quoted at the top of the article, initiated weekly interactive Facebook Live sessions that drew in 50 to 60 percent of the organisation. In addition to a participative series of video-based discussions and information-sharing sessions, the comment section of the videos buzzed with engagement, as employees answered questions asked by colleagues.

We encountered this level of transparency and widespread engagement – crucial features that foster maximally informed decisions by staff in the field – in all five companies. The companies also emphasised clarity to ensure that everyone was operating with a shared understanding of key facts and decisions.

Leaders also shared their feelings, including powerlessness and fear. Doing so not only demonstrated empathy and authenticity that further increased employees' trust, but it also likely reduced their concerns about punishment in the event of making the “wrong” decision.

3. Widespread delegation, coupled with autonomy and responsibility

The four regional managers and 13 team leaders of Infino, a new social services joint venture based in Belgium, were replaced in 2019 by five team coaches. After a few weeks of productive discomfort – complete with complaints and resistance – teams became fully self-supporting,

underscored by a greater sense of belonging, a particularly valuable sentiment in times of crisis.

Early in the lockdown, the management team of Actiris explicitly told its employees to “decide autonomously on your scope of responsibility and we will support you, even if it fails”. Its aim was not to avoid accountability. Rather, it recognised that in particularly tumultuous times, the old validation/decision process is too convoluted to handle the sheer volume and diversity of challenges that arise.

Behavioural consequences of self-managed structures

If culture did not motivate behaviour more effectively than almost anything else, it would merely be a “nice to have”. It certainly could not be said to “eat strategy for breakfast”. Self-management culture is no exception. The crux of its value resides in the particular behaviours it fosters – behaviours that are invaluable for companies but highly complicated to inculcate. We particularly noted three behavioural consequences that support organisational resilience. Crucially, they are interconnected, supporting and feeding into each other.

1. Entrepreneurial spirit

Some employees at Altavia ACT, a communications agency based in Brussels, took the initiative to create a “resilience index” to assess its organisational robustness and that of its clients. They also set up small teams dedicated to key accounts and encouraged them to come up with their own assessments and develop recommendations accordingly. This resulted in new business and very positive client feedback.

At Infino, employees saw the disruption of new hires’ onboarding during the crisis. They initiated a mentoring programme with daily support, enabling better and faster integration and flattening the learning curve for new employees.

2. A speedy agreement-decision-action process

Blue-collar workers at Cosucra, a vegetable protein manufacturer in Belgium, worked in half-teams to accommodate social distancing on the shop floor. Arrangements among workers were made overnight at the start of the lockdown.

Across the board, our interviewees reported rapid implementation of new measures even amid complex, multi-team structures. Note that because these companies are self-managed (or are on their way), escalating decisions is neither common nor feasible; key issues are up to the employees to handle.

3. Optimistic problem-solving

Actiris' front line had to stop its face-to-face meetings with job seekers – its customer base – overnight. Inspired by the desire to help those searching for employment in a difficult economic context, the company quickly shifted all operations to phone, drastically increasing its call capacity. It created an outbound call process to check in on job seekers and proactively give support to a vulnerable community.

Gore's business strategy has long been co-designed by the staff, resulting in a high degree of clarity and buy-in. Amid many cancelled orders and factory shutdowns, the widespread sense of ownership helped maintain hope and harmony among the staff as crisis hit, while preserving employee autonomy.

Within crisis, opportunity

Of course, not everything is perfect in self-management, nor specifically for our interviewees. The journey is ongoing: Organisations are living systems, always developing. While the crisis presented many opportunities, it also revealed areas for improvement on the journey towards better self-management. Some realised the need for greater transparency around productivity data, permitting teams to act in a more objectively informed manner. Others saw that (top) managers needed to work on their coaching and empowering skillsets. All identified that, like in most companies, they face an opportunity to push digitalisation further.

Nevertheless, we see this crisis as an opportunity for companies to boost their long-term resilience by increasing trust, nurturing autonomy and finding a deeper sense of purpose. These should be goals for any organisation at any time; we think self-management is one of the best ways to achieve them.

We wholeheartedly thank our interviewees at Cosucra (300 employees), Infino (250 employees), Actiris (1,600 employees), Altavia ACT (90

employees) and W.L. Gore (9,500 employees).

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