

# Julia Culen

## stories from the field

### Holacracy: not safe enough to try

Posted on 3. April 2016 14. March 2018 by Julia Culen



In 2012, the managing partners of a Viennese-based, 30-year-old consulting company decided to adopt the Holacracy Constitution as the new operating model. I was one of those partners. One year later, I left the company, and I was not the only one. And while I can't say it was due to Holacracy, I can't say it was not either. This chapter is not meant to explain what Holacracy is but rather to provide a reflection on it. In case you are not familiar with Holacracy (<http://www.holacracy.org/>), an operating model based on sociocracy and repackaged by an US-based company, please have a look at the attached links.

There is something very appealing about Holacracy, as it seems to address all or almost all pain points which organizations are dealing with today. Lack of speed, engagement, innovation and leadership. One of the main claims is to replace leaders with a system and process-based self-organization. And there are some examples for useful contributions, such as:

- A strong focus on the core purpose of the organization and basing everything an organization does on the question: (how) does this serve the purpose?
- Basing decisions on two questions (“Is it safe enough to try?” and “Is it good enough to start?”) to get things going and done.
- The tool of a standard agenda for “tactical meetings”
- To work in circles with a dedicated facilitator
- Holacracy irritates old thinking patterns and evokes new perspectives. This is a highly-valuable contribution.

The problem with Holacracy is not so much in the details, but rather with the approach of implementing a top-down operating model. A “one-size-fits-all approach” not taking into consideration that there are humans working in organizations.

### **If organizations were machines, Holacracy would work.**

- Organizations can't be designed – they need to be created, out of a new thinking, a different need and transformational insights.
- Holacracy was designed by engineers and being in it felt that way. I felt like being part of a code, operating a code, being operated by and within an algorithm that is optimized for machines but not for humans. Instead of feeling more whole, self-organized and more powerful, I felt trapped. The circles I was part of did not feel empowering but rather took away my natural authenticity and feeling of aliveness. It was fully unnatural, and we were disciplined by rigorous protocols and procedures.
- Holacracy exclusively focuses on internal processes and keeps the organization busy with organizing itself.

We got completely caught up with implementing and learning how to function in/operate with Holacracy. The system is ridiculously complicated without reason, and very challenging to learn.

I increasingly felt that we had totally missed the point! Today, I would say that our operating model was not our root problem. As a result, even if Holacracy does work, it would not have helped us. A new operating model/organizational design/structures and procedures are not the only solutions to today's most burning questions.

I felt more disempowered than ever, although I was the Lead Link of the Company Circle, one of the most central positions. Holacracy implementation used up all of our energy that we should have used to work on our actual pain points, such as lack of innovation, unclear strategy, critical market feedback and declining internal morale. The worst thing was the

fact that all of our dysfunctional behaviors, that had developed over decades, immediately found their way within and beyond Holacracy's working formats. It was not the quick fix we had hoped for.

Holacracy was a perfect distraction from what we really should have talked about. As it mainly focuses on the operating model, not on beliefs, culture, strategy, behavior or anything else that really matters and could possibly have made a positive difference for our future, the old patterns survived.

### **So, why do I think that Holacracy is not safe enough to try?**

Because no "ready-to-implement-one-size-fits-all-off-the-shelf" solution is safe enough to try.

On the contrary, the process of developing new models and ways of working is exactly the process necessary to create an operating model that works, one that is accepted and well-adopted internally. Don't try a shortcut, it is not short!

For a long time, I thought this was maybe my individual bad experience, until I met Bud Cadell, founder of the US-based consultancy NOBL, which is focused on the future of work. He clearly states that, based on his personal experience, Holacracy was "dogmatic and rigid without a reason, and so complicated!" It had some good ideas from sociocracy, that he studied altogether with other operating models. "You can't just buy something", "my big fear is that Holacracy puts meaningful organizing models back 5 years" and "Holacracy feels like playing a game of Management Dungeons & Dragons. Models like Holacracy were created by people who tend to enjoy complex processes – the rest of us are different."

Bud was called in to Zappos during the Holacracy implementation by the Holacracy Coaches as a "voice of sanity." He talked to desperate people and collected their feedback, input and ideas, with the strong desire to develop their own operating model. Nevertheless, Holacracy was implemented, with no evidence that it has helped the company. On the contrary: years later the tech department still has not adopted Holacracy. An HBR article by Gary Hamel says: "While the goal was laudable — to eliminate managers and organizational politics — the all-or-nothing implementation of this new and mostly untested management model left Zappos in turmoil. Staff turnover jumped to an unprecedented 30% (<http://www.theatlantic.com/business/archive/2016/01/zappos-holacracy-hierarchy/424173/>), and many of those who remained were confused and demoralized. In 2016 Zappos fell off Fortune magazine's Best Places to Work for the first time in eight years."

It is said that Holacracy broke the company that invented Holacracy itself. I just heard about this, I don't have details.

Don't get me wrong, I don't think organizations should not develop new practices, or learn from what is working. Just the contrary! But I would highly encourage organizations not to be seduced by an appealing sales story and great marketing.

Please keep that enthusiasm for an innovative approach, take whatever you think works for you and go the extra mile to develop your own practice and way of working. It won't cost you more time and turmoil than a Holacracy implementation, but most likely will yield a genuine and working result. And before you implement any new model, make sure you know exactly WHY you want to change something and WHAT. Maybe a new operating model is the wrong answer to your most burning questions.

<http://www.unternehmensdemokraten.de/holacracy-vom-scheitern-eines-betriebssystems/> (<http://www.unternehmensdemokraten.de/holacracy-vom-scheitern-eines-betriebssystems/>)

[Why did Holacracy fail?](http://nslsfacts.org/2017/09/26/lost-utopia-why-did-holacracy-fail/) (<http://nslsfacts.org/2017/09/26/lost-utopia-why-did-holacracy-fail/>)

[HBR: Beyond the holacracy hype](https://hbr.org/2016/07/beyond-the-holacracy-hype) (<https://hbr.org/2016/07/beyond-the-holacracy-hype>)

[HBR: Top-Down Solutions Like Holacracy Won't Fix Bureaucracy](https://hbr.org/2016/03/top-down-solutions-like-holacracy-wont-fix-bureaucracy?utm_source=twitter&utm_medium=social&utm_campaign=harvardbiz) ([https://hbr.org/2016/03/top-down-solutions-like-holacracy-wont-fix-bureaucracy?utm\\_source=twitter&utm\\_medium=social&utm\\_campaign=harvardbiz](https://hbr.org/2016/03/top-down-solutions-like-holacracy-wont-fix-bureaucracy?utm_source=twitter&utm_medium=social&utm_campaign=harvardbiz))

[Bud Cadell: Why self-organizing is so hard](https://medium.futureofwork.is/why-self-organizing-is-so-hard-247821591e67#.5s7cv8qvk) (<https://medium.futureofwork.is/why-self-organizing-is-so-hard-247821591e67#.5s7cv8qvk>)

[Der Standard: Was passiert, wenn Hierarchie schwindet?](http://derstandard.at/2000021403354/Was-passiert-wenn-die-Hierarchie-schwindet?) (<http://derstandard.at/2000021403354/Was-passiert-wenn-die-Hierarchie-schwindet?>)

[Holacracy](http://www.holacracy.org) (<http://www.holacracy.org>)

[NOBL](http://nobl.io) (<http://nobl.io>)

□ Posted in [Allgemein](#)

### 3 thoughts on “Holacracy: not safe enough to try”

1. Pingback: [Holacracy: not safe enough to try – Julia Culen](#)
2. ***Barbara Strauch*** says: [20. April 2016 at 13:27](#)

Hallo Julia Culan,

thank you for sharing your experiences!

My Name is Barbara Strauch, I am the leader of the Austrian Sociocracy Center. We started in 2013 to educate experts for Sociocracy in Austria and also to consult organisations in sociocracy. We are connected to TSG The Sociocracy Group and learned the method from the SCN Socicratisch Centrum Nederland with Pieter van der Meché, Annewiek Reijmer and also Gerard Endenburg himself.

So first, Sociocracy from the source and founder Gerard Endenburg is nothing that fits for all. I am now writing a German book about SCM Sociocratic Circle-organisation Method together with Annewiek Reijmer. We have a well-considered implementation-process in Sociocracy in the organizations where we first are searching of the problems which should be solved with the SCM. We never bring a program like you wrote “one fits for all”! We start with a helping-circle filled with persons from every part of the organisation. The team in the helping-circle creates the aim-criteria for a successful implementation, find out how the circle-structure has to be, and then create a plan, where the implementation should start with pilot-circles. After the evaluation of the pilot-phase, the organisation decides to go on with the implementation. The helping-circle is going on to govern and control the process all the time. We now have with Sociocracy well organized cohousing-projects, Montessori-schools, companies and non-government-organisations that are very happy with the four basic rules from Endenburg and with our accompaniment.

As I heard from the use of Brian Robertsons “Holacracy” they are going another way. I had organizations feel not good after implementation of Holacracy. But when we then learned them to handle Sociocracy, they have been very happy because of the human communication while using the 4 basic rules.

So please do not put Holacracy into the same bag with Sociocracy. Brian Robertson took the consent-principle (1. basic rule), the circle-structure (2. basic rule), double-link (3. basic rule) and the open election (3. basic rule) from Sociocracy without learning how to handle them. He took it in a little course from John Buck, a member in US of The Sociocracy Group of Gerard Endenburg, and then Brian Robertson changed it and put many application on it to make his own thing with it, and gave it also his own name. He learned only the mechanic rules and took no time to learn the human values in them. So he defaced the wonderful rules of Endenburg.

I hope the value of Sociocracy will not be reduced of the bad experiences with this Holacracy from Brian Robertson. Sociocracy is for human people. Especially Annewiek Reijmer did this wonderful work on the side of Gerard Endenburg to create well-

designed education- and implementation-processes as I wrote at the beginning of this article.

Thank you for reading this,  
Barbara Strauch

*juliaculen* says: 21. April 2016 at 17:35

Dear Barbara Strauch, thank you very much for your enlightening answer, that adds value to the post and puts things in a different perspective. The problem is, that Holacracy sounds a lot Sociocracy. And that there seems to be a Marketing bias: I never heard or read about your Organization so far, but Holacracy seems to be all over. So thank you very much for speaking up and adding this relevant information.  
Best, Julia Culen

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