

What is Corporate Liberation?

Isaac Getz, Professor at ESCP Europe Business School

According to the last Gallup Employee Engagement Survey, only 17% of UK employees are engaged in their companies, 57% are not engaged, while the remainder of 26% are actively disengaged—as Gallup mildly puts it. How does this reflect on the performance of an average UK company?

Imagine you are watching a boat of eight rowers training for a big race in the middle of a lake. You hear the whistle blow, and puzzled by what you're seeing, you ask the coach: "It doesn't seem that the boat is moving". To what the coach replies: "It's because I haven't explained you what's going on in the boat. You can't see it from here, but the first rower is really rowing hard. The five behind are splashing the oars so that the first chap thinks they are working hard. And the last two, well, they are rowing hard... but in the opposite direction. So you say the boat is not moving? Well, that's what we call a good day, because usually it goes backwards."

Is this metaphor truthful? Consider the research that only 2 percent of companies significantly outperform their competition over a period of a decade, and just 1 percent survive forty years without either going bankrupt or being acquired.

Indeed, most of the companies want to become champions and yet very few succeed. This mystery drove four years of research that brought my co-author Brian Carney and me close to thirty very different companies which we called "liberated". A liberated company is one in which employees are free and responsible to take actions that they—not their bosses, not procedures—decide are the best for the company. Of course, they aren't former prisons, but the two key ingredients of performance, employee initiative and potential, which are stifled in a traditional command-and-control company, are freed up in liberated companies.

As researchers, we began by seeking an organisational model of the liberated company. Yet, we haven't found any. These companies may have things in common: most had few hierarchical layers, no reserved parking lots or time clocks. But some did. There is even a "liberated" ministry in Belgium—of Transportation—where the HR director can't say if they have a time clock or not. In fact, when some employees complained about time clocks as symbols of mistrust, the ministry said that those who don't want to use it can enter the left entrance, and those who want—can enter the right entrance. Since 19% of employees are still using it—from 40% a year earlier—the HR director can't tell whether they have or not a time clock.

That said, we were not surprised by the absence of a model for the liberated company. Indeed, its above definition doesn't mention any structural or organizational elements but two philosophical concepts: freedom and responsibility. The two go hand in hand. Without responsibility, freedom turns quickly into anarchy. Inversely, responsibility for the results without freedom to decide how to achieve them is a farce. Hence, every company—and every operational unit of larger corporations and administrations—must build their own unique liberated way of functioning by articulating this philosophy in their own cultural and human context.

Hence, Michelin started their liberation several years ago in six plants in six different countries and each plant does it their own way. The transformation is carried by the head of each plant and this is a key lesson to retain from our research.

Although, as mentioned above, we extracted some frequent commonalities among liberated companies, our research focus was deeper: to understand how to build them. We found that every successful liberated company has been built by the person at its top, whom we dubbed a liberating leader. Plant directors in Michelin or Airbus, CEOs of small-medium sized companies as Harley-Davidson, or start-ups as IDEO or W.L. Gore. Gore—the manufacturer of Gore-Tex—is of course not a start-up anymore but it was one when in 1958, it adopted its freedom and responsibility-based organisational mode. Today, W.L. Gore employs 10,000 people across a dozens of countries, but it started with 3 employees as a liberated company— which it still is. The company has no hierarchy or organisational charts, no title or ranks, no job descriptions. They don't even have “jobs” but “commitments”: a job is something a boss *gives* you, a commitment is *freely* entered into. Recall that there are no bosses ... And while preserving this liberated organizational mode for close to 60 years—or rather thanks to it—the company is one of the world most innovative, with an average 15% annual growth and now over \$3 billion in sales.

Harley, Gore or Ideo are not the only examples of companies who remained for decades at the top of their industries thanks to their liberated organizational modes—hence beating all the odds. Hundreds of companies and administrations are entering corporate liberation today providing a working environment where their employees are willing to come every morning and do their best. As a result, they are also beating the odds and continuously winning the races.