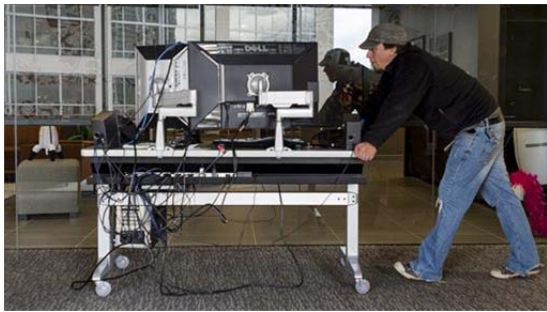


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Who's the Boss? There Isn't One

By RACHEL EMMA SILVERMAN

Like many tech companies, Valve Corp., a videogame maker in Bellevue, Wash., boasts high-end espresso, free massages and laundry service at its offices.



One thing it doesn't have: bosses

Valve, whose website says the company has been "boss free" since its founding in 1996, also has no managers or assigned projects. Instead, its 300 employees recruit colleagues to work on projects they think are worthwhile. The company prizes mobility so much that workers' desks are mounted on wheels, allowing them to scoot around to form work areas as they choose.

Welcome to the bossless company, where the hierarchy is flat, pay is often determined by peers, and the workday is directed by employees themselves.

So, how does anyone get things done?

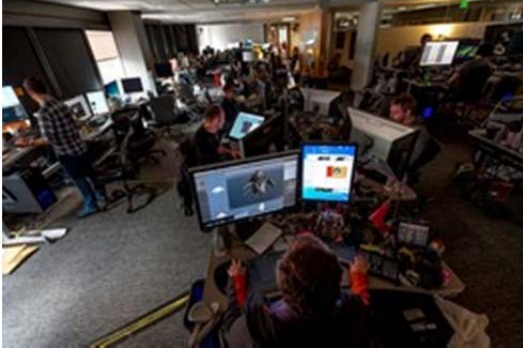
"It absolutely is less-efficient upfront," says Terri Kelly, chief executive of W.L. Gore, the Newark, Del., maker of Gore-Tex and other materials. Her title is one of the few at the company.

"[But] once you have the organization behind it...the buy-in and the execution happen quickly," she adds.

Companies have been flattening out their management hierarchies in recent years, eliminating layers of middle management that can create bottlenecks and slow productivity. The handful that have taken the idea a step further, dispensing with most bosses entirely, say that the setup helps motivate employees and makes them more flexible, even if it means that some tasks, such as decision-making and hiring, can take a while.

At Valve, there are no promotions, only new projects. To help decide pay, employees rank their peers—but not themselves—voting on who they think creates the most value. The company declined to provide information about how much salaries vary.

Any employee can participate in hiring decisions, which are usually made by teams. Firings, while relatively rare, work the same way: teams decide together if someone isn't working out.



At the videogame maker Valve Corp., shown above, employees recruit colleagues to work on projects.

Running the Show

How several teams of workers at Gore-Tex maker W.L. Gore developed a \$2 million piece of manufacturing equipment:

- A team of manufacturing associates—Gore's name for workers—saw the need for a new piece of equipment in the U.S. to do a job that had been done overseas. Shipping abroad was slowing the supply chain.
- The team, spearheaded by a manufacturing employee, enlisted other workers, including workers in facilities, equipment and process engineering to gather input and develop specs for the machine. They consulted Gore factory workers about their needs.
- The teams spent about six months negotiating the cost and scale of the equipment, and then sent the specs to an outside manufacturer, who built it in about nine months.
- Though it took time to gather input for the project, once Gore got the gear, installation and start-up went smoothly. Workers knew it would meet their needs.

As for projects, someone typically emerges as the de facto manager, says Greg Coomer, a 16-year veteran of Valve who works on product design. When no one takes the lead, he adds, it's usually a sign that the project isn't worth doing.

When colleagues disagree on whether to keep or scrap products, the marketplace decides, Mr. Coomer says. "When we honestly can't come to an agreement—that's really very rare—we ship and find out who was right. Over time we've become comfortable with the idea that we might be making a mistake when we do that; our customers know that if we screw up, we'll fix it," he says.

Hiring highly motivated workers is vital to making a boss-free system work. And it isn't for everyone. Most employees take anywhere from six months to a year to adapt, though some leave for more traditional settings, Mr. Coomer says.

The system has its downsides. Without traditional managers, it can be harder to catch poor performers. Even the employee handbook, a packet that explains Valve's philosophy and processes, notes that bad hiring decisions "can sometimes go unchecked for too long."

Recent research on the value of flat organizations has been mixed. One study, by researchers at the University of Iowa and Texas A&M University, found that teams of factory workers who supervised themselves tended to outperform workers in more traditional hierarchies, so long as team members got along well. "The teams take over most of the management function themselves," says co-author Stephen Courtright. "They work with each other, they encourage and support each other, and they coordinate with outside teams. They collectively perform the role of a good manager."

Other studies, however, have found that hierarchies can sometimes boost group effectiveness, and that having a clearly defined role can help people work more efficiently.

At Work

For years General Electric Co. has run some aviation-manufacturing facilities with no foremen or shop-floor bosses. The industrial giant says it uses the system to boost productivity in low-volume factories with a relatively small number of employees, each of whom can do several tasks.

One leader, the plant manager, sets production goals and helps resolve problems but doesn't dictate daily workflow. Teams, whose members volunteer to take on various duties, meet before and after each shift to discuss the work to be done and address problems to be solved.

The first of these self-managed teams began nearly two decades ago in a Durham, N.C., plant, but in the past five years they have spread to other GE facilities. The team structure is being expanded to all of GE Aviation's 83 supply-chain sites, which employ 26,000.

Moving up can be hard when there is no corporate ladder. But many employees feel it is easier to grow in their careers without layers of management, says Chris Wanstrath, the CEO of San Francisco collaboration-software company GitHub, who insists his title is nominal. The company, whose products let teams work together to develop software, often without the aid of management, has 89 employees.

At GitHub, a small cadre of top brass handles companywide issues and external communications but doesn't give orders to workers. Teams of employees decide which projects are priorities, and anyone is free to join a project in whatever capacity they choose. "You have the power to be where you are most useful," Mr. Wanstrath says.

Tim Clem, 30, was hired at GitHub last year for a back-end coding job. A few months into the job, he persuaded other colleagues that the company needed to develop a product for users of Microsoft Windows. He spearheaded the project, hiring a team of staffers to help him create the recently released application.

The bossless structure can be chaotic at times, he says, but "you feel like there is total trust and an element of freedom and ownership. It makes you want to do more," says Mr. Clem, who had previously worked at a large tech firm and smaller start-ups.

Since it was founded in 1958, W.L. Gore has operated under what it calls a "lattice" management structure, which relies on teams in place of bosses and traditional chains of command, and which was discussed by Malcolm Gladwell in his 2000 book "The Tipping Point."

Gore's 10,000 employees, who work mainly in engineering and manufacturing, take on leadership roles based on their ability to "gain the respect of peers and to attract followers," says Ms. Kelly, the CEO. Those who choose not to take the lead also are valued, she adds, noting that the company prides itself on staff "followership."

That doesn't mean that its workers are sheep. Frank Shipper, a management professor at Salisbury University, in Salisbury, Md., has been studying Gore for more than two decades and says its flat management structure has helped the company stay innovative, because ideas can come from anyone in the organization, regardless of tenure or position.

Gore's employees, who are called "associates," each have a sponsor to guide their career and orient them to company culture. Jim Grigsby, an electrical engineer who joined Gore 13 years ago after working for more traditional companies, including defense contractors, says his sponsor urged him to spend a few days simply meeting people, even giving him a list of names.

Mr. Grigsby found it jarring at first—"Am I really getting paid just to meet people?" he says he wondered. But, in a few months, he says, "it becomes apparent that you need these people to get project work done."

—*Kate Linebaugh contributed to this article.*