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Matters Most

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MICHAEL STEFFEN / EYEEM/GETTY IMAGES

Since at least the time of Frederick Taylor, the father of “scientific management,” control has been central to corporate organization: Control of costs, of prices, of investment and—not least—of people.

Control, even a perception of it, can be comforting. Moreover, it feels like what a manager should be doing: Setting targets, monitoring adherence to procedures, directing, shaping the future of the business. Control *feels* essential—especially if you are the boss.

Except it turns out that far from being vital, top-down control carries serious costs, many of which have been hiding in plain sight. What is more, there is an alternative. And not a pie-in-the-sky fantasy conjured up on a whiteboard, but a real, working alternative. It has been practiced to varying degrees in companies around the world for decades. And in France in particular, it is taking on the character of a movement. Companies as large as Michelin and Carrefour are questioning their control structures and seeing real results from replacing them.

This alternative has never had a name because—fittingly, as you’ll see—it hasn’t really had a guru. Its principles have been passed from business leader to business leader like *samizdat*. But more recently it has started to come into the open. We call it *corporate liberation*.

The idea can be stated simply enough: A liberated company allows employees complete freedom and responsibility to take actions that they—not their managers—decide are best for their company’s vision. That doesn’t mean that these firms are unmanaged. On the contrary, the specific actions that we observed in close to one hundred liberated companies prove the opposite.

For example, every morning, a liberated company’s manager would ask whether there is anything preventing her team from doing their best. That may not sound unusual, but here’s the first twist: When her team shares a problem or an opportunity with her, she will *not* offer a solution. Instead, she asks them to find their own—after ensuring that there isn’t something she’s doing that would get in the way.

When a new project comes in, the manager does not devise a plan to complete it. Instead, she asks the team to do so. In making these choices, she accomplishes two vital things. She places herself in service of her team, rather than above them as a supervisor, and this in turn has a direct impact on the behavior of her team: It starts to liberate them to act on their own initiative, rather than passively awaiting direction from above.

At Decathlon, a sports equipment retailer with [80,000 employees](#), their form of corporate liberation is strongly supported by the CEO. Yet, since corporate liberation is a philosophy and not a model, he gives latitude to the directors of each of Decathlon’s business units to co-create their unique, freedom-based organizational environment. For example, the director of one of their largest warehouses asked 150 employees to determine the “playing field” for which they have responsibility. He then asked them to transform—in teams—the organizational practices they thought were preventing them from being responsible in that field. Managers transitioned to the role of coaches in service of their teams, giving away their formal authority. As a result, today all warehouse teams manage the order fulfillment by themselves, and many teams set their own work schedules.

The results have been impressive. When Decathlon launched their workplace transformation, it had already been a leading privately held multinational with \$9.11 billion in [revenue](#) in 2013. By 2017 it had grown organically to \$12.79 billion worldwide. In [2017](#) and [2018](#), Decathlon was ranked the #1 *Great Place to Work* in France.

Michelin, the global tire manufacturing giant—with 114,000 employees—has also embarked on a corporate liberation campaign. In one of its German plants, teams self-direct most activities and managers have transitioned into the role of coaches without formal authority. Operators set their work schedules and their vacations, design and monitor their own performance indicators, do their own maintenance, and are consulted on the choice of new machinery. Michelin is a huge company in a relatively mature industry, but it has still managed to nearly double its free cash flow since 2015, to €1.509 billion (\$1.75 billion) in 2017 compared to €833 million in 2015. In 2018, Michelin was ranked the #1 America’s Best Large Employer.

Human beings have certain universal psychological needs: The need to be treated as intrinsically equal, the need for personal growth, and to exercise self-direction. Each of these needs is frequently and systematically denied by traditional command-and-control managerial hierarchies. Perhaps the most important benefit of liberating an organization—because it leads in turn to all the other benefits—is the creation of an environment that feeds these universal needs, rather than stifling them.

Thus one of the most striking findings about liberated companies is the extremely high level of engagement and intrinsic motivation among employees. According to a 2017 Gallup Employee Engagement survey, 33% of U.S. employees are engaged, 51% are disengaged, and 16% are actively disengaged. Freedom-based companies, by contrast, can typically boast that more than 70% of their employees are “engaged,” according to Gallup’s data. Indeed, in liberated companies, there remain very few disengaged employees and the actively disengaged—the difficult and productivity-sapping sort that seem to be a fixture in modern corporations—leave by themselves. The collateral benefit of this high engagement is that the liberated organization outperforms the traditional one. The reason for it is not in some top-management talk about serving the “whole person.” It’s simply that feeding psychological needs lead to higher engagement and—as a consequence—to higher team productivity and initiative and increased corporate performance.

While Decathlon and Michelin are relatively new to the liberation game, the phenomenon, as noted, has been quietly under way for more than half a century. Almost all of the older freedom-based companies we have studied—such as W.L. Gore, Sun Hydraulics, USAA, Quad Graphics, and IDEO—have been competing at the top of their industries for more than two decades. But liberating a traditional company isn’t simple. Some managers make the transition into leaders serving their teams easily. Others need training to gain the skills required to abstain from telling people what to do and to listen to them instead, or to meet employee needs of trust, growth, and self-direction. Training may not suffice in some cases, where egos or heavily ingrained top-down behaviors get in the way.

We’ve studied several dozen such transformations in businesses of all sizes, industries, and geographies. If you manage a business or plan to do so, here are practical steps to build a freedom-based workplace in your own company right now.

Steps for building a freedom-based team

Lose your ego. Your employees won't believe you trust their intelligence if you are always the one with the "best solution."

Share the company's vision. This isn't specific to building a liberated workplace. Yet, given the discretion allowed in freedom-based companies, a shared vision is fundamental since it provides a common criterion for the teams to make their decisions. Qualified people don't need to be told how to do their jobs, but especially when you set them free, they need to know why they're doing what they're doing—so they can do it better.

Create the *respect tide*—the climate in which most manager-leaders show through their actions that they respect and trust employees. It requires the manager-leaders to remove the obstacles preventing teams from doing their best.

Ask your team what's in their way. If any organizational practice or structural element is mistrusting their intelligence, limiting their growth, or hampering their self-direction. If yes, ask them to redesign it. Be prepared to see the majority of control practices and structures—both in the hierarchical and in the support functions—gradually replaced. The respect tide will stimulate teams' willingness to set their own work schedules or to make their own hires, and these demands affect organizational processes.

Become the guardian of the liberated team. When teams assume more responsibilities and make more decisions on their own, fewer remain for all levels of managers. Managers who accept this will be busy serving their teams while abstaining from using their formal authority.

Your employees will be willing to come to work every day to do their best, your manager-leaders will spend their days revealing employee potential, and you will enjoy dinner every night with your family knowing that your business is succeeding.

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