CODEC

**New management models
Is decentralisation
the answer?
July 2017**

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CODEC'S RESEARCH PROJECTS ARE BASED ON VICTOR PAPANEK'S THOUGHT: "THE ONLY IMPORTANT THING ABOUT DESIGN IS HOW IT RELATES TO PEOPLE."

CONTENT

01

BRIEF

Whilst examining the field of design in relation to society, the newly established design collaborative CODEC recognised the following topics as an important subject for research: new management models, collaborative networks, new financial and business models, new knowledge exchange models, and new education models.

Section One (the brief) presents the backbone to the study of new management models, followed by the key question of the whole report: Is decentralisation the answer?

1.1:

Background

1.2:

Problem statement and research topic

CODEC, Co-Design Collaborative, is a design driven interdisciplinary network working across Europe to help businesses and organisations explore growth opportunities and find solutions that match real needs and that are socially and environmentally just. Based on Victor Papanek's principle, 'the only important thing about design is how it relates to people', CODEC uses its varied expertise, extensive research, and in-depth know-how to work on positive impact projects with social purpose. Open to new projects with individuals, organisations and businesses, as well as to new members who wish to share their skills, CODEC concentrates not only doing things right, but doing the right things. For being a new initiative it is crucial to find the right management model that will support our mission. This research will introduce some theories that will serve us, as a starting point to develop our own management model.

Today we live in a world that is far more connected and unpredictable than ever before. Today's most successful organisations have developed a new way of working in order to thrive in dynamic conditions, a new way of managing work. As the report will show, their competitive advantage and key ability, is the ability to change. What else is included in their approach to organisational, leadership and management issues? This is the question that this research aims to answer. As well as the question: Is decentralisation the answer?

02

CONTEXT

2.1:

A brief history of management

Prior to the industrial revolution we can hardly talk about "management". Organisations basically came into being to produce things. Producing simple goods required simple organisations. People were paid to follow instructions, make things and sell them to customers. Information flowed from top to bottom and money flowed back up to the top. This was and still is a simple model with inputs, added value and outputs. The owner of the company was usually responsible for coordination, planning, rewarding, and resource allocation. The first signs of possible management as such, we can find in the work of thinkers such as Adam Smith (1776), with his insight that the division of labour would increase productivity. (Gunther McGrath, 2014)

With the aforementioned industrial revolution, the scale of production increased. As a consequence, the size of organisations grew and with it the need for ever more professional coordination. This is the time when the profession of "manager" started to evolve in order to help owners with the increased organisational demand. The primary task of the manager was the execution of mass production: process standardisation, workflow planning, quality control, maximising efficiency of inputs and outputs. Besides Adam Smith's theory, other theories emphasised efficiency, consistency of production and predictability, from Frederick Winslow Taylor (one of the first management consultants), Frank and Lillian Gilbreth (advocates of scientific management and a pioneers of time and motion studies), Herbert R. Townes (known as early systematiser of management), and Henry L. Gantt (management consultant, best known for his work in the development of scientific management).

The next giant leap in the history of new challenges in management brings us to what is to become the post-industrial era. Two inventions from the late 1940s that transformed the world and brought a new age of information technology (IT) to life. Claude Shannon, the eccentric and genius mathematician, founded communication theory, which shortly became commonly known as

information theory. Almost at the same time the first working transistor was built by John Bardeen and Walter Brattain with support from colleague William Shockley at Bell Labs. This is significant due to the fact that the transistor later made it possible for information theory to became the practice of information technology. (Gertner, 2012 and Ganapati 2009)

With this change, we can observe history in the making. Prior to this, companies mainly focused on producing products, but now shifted their agenda to providing services as well. The rise of the so-called "knowledge economy" rose, the term popularized by Peter F. Drucker (1969). He understood that value is not created solely by producing goods, but also by using information. Managing employees of information and knowledge was a challenging task, since it was different from managing workers on production lines. The "source" of the added value in a knowledge company literally walked out the door each evening. It was clear that a different managerial style was required, due to the fact that the command and control style was not relevant anymore.

As a consequence, new management theories, the ones that emphasised motivation and engagement of workers, arose. One of them was the "Theory X and Y" by Douglas McGregor (1960). Theory X is an authoritarian style where the emphasis is on productivity. Theory Y is a participative style, which "assumes that people will exercise self-direction and self-control in the achievement of organisational objectives to the degree that they are committed to those objectives". It is management's main task in such a system to maximise that commitment. (Theories X and Y, 2008).

As the production of goods and services increased (in developed countries) we entered the era where supply exceeded demand and thus all these products and services vigorously competed on the market for customers. Customers also changed, and started to seek products and services they could relate to. This combination gave birth to brands. Brands started to "speak" the language of customers all over the world. Brands were suddenly eager to know what they customers thought, felt, wanted, valued. Feedback from the customers became more important each day. Technological progress on the other hand, was able to meet the needs and desires of moody customers in shorter cycles. Due to this, the development became less predictable and companies needed to develop a responding mechanism to handle rapid

changes. Those who failed slowly disappeared. Rapid change and constant innovations in IT enabled teams to start making decisions on the spot, without managerial intervention. These decisions were more responsive in conditions of rapid change, and became a great advantage in the global economy. Efforts to understand this so called "emotional intelligence" factor in management is today led by writers such as Daniel Goleman (2011).

2.2:

The next era of management

In 2014 Frederic Laloux, a former consultant of the the management consulting company McKinsey, published a book called Reinventing Organizations. He argues that if we start treating people as adults and allow them to express their whole selves, they will be able to realise much more of their potential. Their contribution to the company through their work will be far bigger than it would be otherwise. Also, Laloux argues, we should stop looking at companies as machines that we can build part by part and tweak to every smallest detail. Instead we should look at companies as living beings and let them grow and evolve naturally by themselves.

These ideas sound like a recipe for chaos and anarchy. But it turns out that when both responsibility and control are well distributed, fluid and self-adaptive order is created.

Many examples in his book show that companies led with this approach are performing better than traditionally managed companies. They also have more positive effects on their employees, customers, collaborators and the wider communities they operate in. Despite the mystic and spiritual tone, the book is an important contribution to the management trends evolving today.

Two years later, in 2016, Deloitte conducted Global Human Capital Trends. The new organization: Different by design. They asked more than 7,000 business leaders what their main concerns were. The top concern was organisational development, the second was leadership, while workforce management was last in the list of ten. (Deloitte, 2016)

This brings us to another change. Currently we are in the middle of another shift of what organizations are and for what purpose they exist. If organizations existed in the execution era to create scale and in the expertise era to provide advanced services, today many organisations exist to create complete and meaningful experiences.

And these meaningful experiences are demanded not only by future users, but also by employees. Organisations with numerous employees are increasingly under pressure to provide a stimulating environment for working. The ability to do this has become much more difficult due to the aforementioned rapid changes of hyper-complexity. The main problem is that the mechanisms needed to sense these changes and the ability to respond to them starts to fail, and as a consequence the role of leadership changes again. The command and control style leadership based on predictable inputs and outputs is rapidly fading away.

The challenge for any organisation today is to narrow the gap between where the information is and where the power is. Some early organisational development trends show that distributed leadership, responsible and autonomous or semi-autonomous teams and networks, self-management, collaborative governance and co-ownership are the answers to these challenges. The role of leadership is shifting towards the facilitation of autonomous and semi-autonomous teams. Factors like sense of purpose, shared sets of values and success definitions are prevailing over the role of command and control. Even more, every member working in an organisation can instantly check every decision and see when decisions are supporting or detracting set values.

The factors mentioned above help in recruitment. Increasingly, individuals are seeking their own 'purpose' and are starting to seek out organisations that align with their own. Aligning individual purpose with organisational purpose will become the 'next big thing' in order to attract talent in the near future.

This claim is supported by multi-year research by Google, code-named Project Aristotle, led by Julia Rozovsky. During the research they studied hundreds of Google's teams to figure out why some of them were more efficient and successful than others. After the first year the researchers concluded that influencing group norms is the key to improve teams. But they needed more time to figure out which norms mattered most.

They found out that there are five key dynamics that set successful teams apart from other teams at Google:

01. Psychological safety: Can we take risks on this team without feeling insecure or embarrassed?
02. Dependability: Can we count on each other to do high quality work on time?
03. Structure and clarity: Are goals, roles, and execution plans on our team clear?
04. Meaning of work: Are we working on something that is personally important for each of us?
05. Impact of work: Do we fundamentally believe that the work we're doing matters? (Rozovsky, 2015)

In summary, (design) management has evolved and thrived in predictable environments where the processes can be at first reduced to their simplest parts and then optimised. As we've shown, this is no longer the case. In a complex, unpredictable world we are in search of organisations that align around a common purpose. Leading in these kind of environments requires an enhanced level of awareness and emotional intelligence in order to create the culture, which is able to continuously sustain the sense of change ahead of us and an ability to respond to it in given time.

03

MANAGEMENT MODELS

During the past 10 years, several management models were developed to help autonomous teams and networks to organise their work. Two of the most well known ones will be introduced here: holacracy and sociocracy.

3.1:

Management models for autonomous teams and networks

Holacracy

www.holacracy.org

Holacracy is a specific social technology or system of organizational governance developed by HolacracyOne, LLC in which authority and decision-making are distributed throughout a holarchy of self-organizing teams rather than being vested in a management hierarchy.

Holacracy is an alternative way of organizing people to do work. It is still hierarchical, and leadership shifts from omnipotent managers to distributing authority more evenly. Individuals capture the roles they fill along with each role's on-going accountabilities into a system of record. A facilitated process, called governance, exists to then allow anybody to propose a change to the organizational structure. Roles that work together on similar work are arranged into circles. Circles function as a team to more efficiently execute related work.

In traditional organizations, each employee has one manager and one title. But the lines often get blurry. We all know that job descriptions often don't reflect the actual day-to-day work people do. Employees may serve multiple bosses—either implicitly or by carrying an explicit "dotted line" reporting relationship to another manager. Also, as mentioned several times already, traditional organizations struggle to adapt to changing market conditions. Reorganizations are often dramatic and expensive and as a consequence methodically planned. The rigidity of the organisational chart often causes employees to feel trapped without a sense of agency or clear path for progression, feeling as though they have to wait for a superior to leave the organization, or resign themselves, in order to do the sort of work they want to do or to receive the recognition they believe they deserve or to make more money, or all of the above.

Holacracy on the other hand offers "social technology." It fundamentally provides two suites of "features" to address common organizational challenges: technology providing structural adaptivity and conventions for new ways of working. To put it differently, holacracy fundamentally changes the way workers organize their work. It is known as an explicit distinction between Roles and Souls: a description of the work to be done and the people who do it. An individual worker may hold many Roles. Roles working together on related work are grouped together into teams called Circles. Circles are arranged hierarchically. Each Circle has a leader (manager) called the Lead Link. The Lead Links fill Roles with individuals and appoints Leaders of Sub-Circles. The topmost Circle in an organization fully adopting Holacracy is roughly equivalent to a board of directors. These terms belong to a shared language used to describe an organization's structure. The structure is captured in Holacracy's digital system of record, a web application called Glassfrog.

Terminology aside, this doesn't sound like a radical change from how things are arranged in a traditional organization. And it is not. Employees in legacy organizations are already familiar with performing work not captured in their job description or holding so-called "dotted-line" reports to more than one manager. Holacracy makes it all explicit and gets it written down. This is where things differ: once the structure is captured, it can be changed; and everybody has the power to change it. Holacracy explicitly records roles and accountabilities, and provides a process for changing them.

Each month, members of a Circle hold a Governance Meeting Updating Circles' roles to operate more effectively according to a set of rules. Circle members bring issues (called Tensions) which are shaped by the meeting process into proposals for structural changes. New jobs can be created, old ones can go away. Roles which have grown too complex can be expanded into a Sub-Circle. After the meeting, the Lead Link chooses to fill these roles, including the heads of any new Circles, with anybody from the organization they like.

Organizational change in a Holacracy is hard to stop. The system is biased toward action. Holacracy uses a facilitated process during its Governance Meetings called Integrative Decision Making, which contains an ingenious set of rules to test and collaboratively integrate opposing viewpoints. The integration process encourages a reduction of the degree of
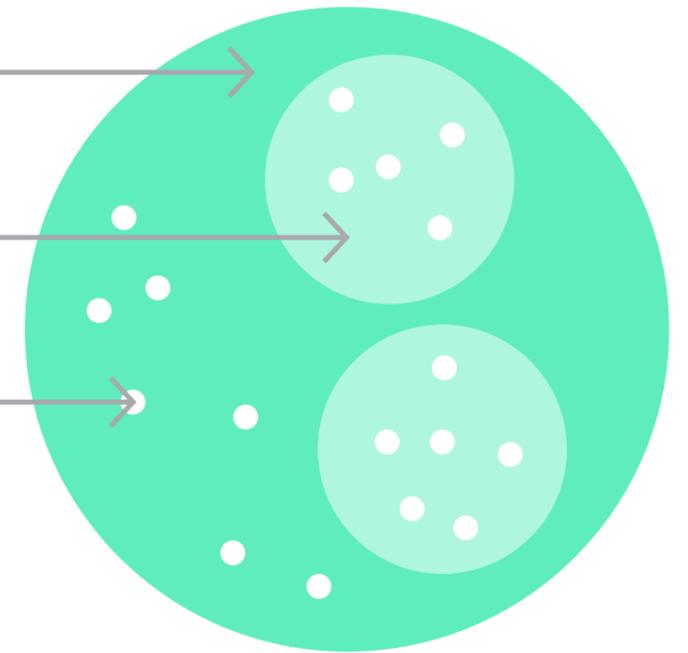
Holacracy takes powers traditionally reserved for executives and managers and spreads them across all employees.

SUPER-CIRCLE
One that contains sub-circles.
This could be Marketing.

SUB-CIRCLE
Each is dedicated to a function.
This could be Digital Advertising.

ROLE
A task related to a function.
This could be Social Media Producer.

In a **traditional hierarchy**, layers of management establish how products are approved and monitored.

CEO

UPPER MANAGEMENT

MIDDLE MANAGEMENT
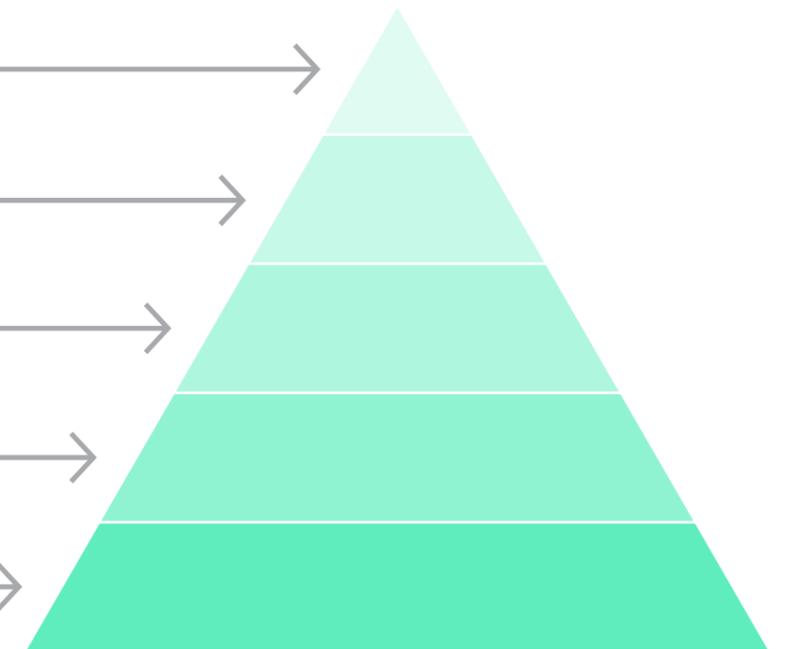
SUPERVISORS

STAFF

Fig. 1. Holacracy Vs. Hierarchy
Source: www.businessinsider.com/zappos-ceo-tony-hsieh-on-misconception-about-holacracy-2016-2

change until everyone agrees the proposal is safe to try. It produces change through consent, rather than consensus.

The gateway drug to Holacracy is the Tactical Meeting. The Tactical Meeting breezes through team metrics, project updates (no discussion, just changes from the last meeting), and brings a process for breaking down the work of a Circle into a set of assigned actions to carry the team forward. All this happens in under 30 minutes.

In Holacracy, everyone keeps an open to-do list and must share it with anybody who asks. This radical transparency allows for rapid adjustment of the business. If important actions aren't being completed by an employee it's possible that:

01. the Role performing work isn't a priority to the business;
02. the individual might need that work reassigned to someone else;
03. the Role may need to be augmented with additional resources;
04. the individual may not be effective filling their Role.

Holacracy isn't perfect, but mature organizations with an established culture and defined processes tend to take well to it. However, young organizations and start-ups, who are likely moving implicitly with speed and agility often feel like Holacracy only slows them down. Holacracy presents some challenges. It is difficult to coordinate efforts at scale. In the purest expression of Holacracy, every team has a goal and works autonomously to deliver the best path to serve that goal. But for larger initiatives, which require coordination across functions, it can be time-consuming and divisive to gain alignment. Or as Felix Velarde wrote:

"There's no obvious way to structure salary scales. The current alternative looks at a person's contributions instead of more established and quantifiable metrics like how many people they manage. The traditional career ladder may be more attractive to, say, growing families with higher salary requirements, or to someone who prefers predictability.

Until there are more employers who employ Holacracy, there is no easy way for people to move around the job market." (Velarde, 2016)

Holacracy also requires a deep commitment to record-keeping and governance. Every job to be done requires a role, and every role requires a set of responsibilities. While this provides helpful transparency, it takes time and discussion. More importantly, the act of codifying responsibilities in explicit detail hindered a proactive attitude and sense of communal ownership.

Holacracy has become fraught with misconceptions that make it hard to separate the actual system from the imagined one. In recruiting, this became a problem—particularly among more experienced candidates, who worried that they were being hired as "bosses" in a boss less company.

Many of the Holacracy principles can be embedded in an organization through how it approaches work, collaborates, and instigates change without following the Holacracy system word by word. The system can exert a small but persistent tax on both effectiveness, and sense of connection to each other.

Sociocracy

http://sociocracy30.org

Sociocracy as a form of governance has been referred to since 1851. Sociocracy is a system of governance using consent decision making and an organizational structure based on cybernetic principles (a system with closed feedback mechanisms).

Modern sociocracy was developed by Gerard Endenburg as a method for use in governing an electrical engineering company, and is applicable to any organization. Sociocracy has been advocated as a management system that distributes leadership and power throughout the organization. Subsequently it has been developed and adapted by many different groups and organizations, including Gerard Endenburg, The Sociocracy Group (TSG) and Brian Robertson (HolacracyOne). (Bockelbrink and Priest)

Today we are already talking about the third edition of sociocracy. Sociocracy 3.0 is an open framework for evolving agile and resilient organizations of any size, from small start-ups to large international networks and nationwide, multi-agency collaboration.

Sociocracy 3.0 provides a coherent collection of principles based patterns for collaboration, to navigate complexity, adapt and evolve. It also incrementally processes available information into continuous improvement of the value stream, products, services and skills. It helps organizations making the best use of the talent already present, and to grow flexible organizational structures to align the flow of information and influence to the flow of value. Sociocracy 3.0 provides an organic, iterative approach to change that meets organizations where they are and helps them move forward at their own pace and according to their unique context and needs. It draws on the collective intelligence of the group, facilitates the development of strategies that are "good enough for now" and "safe enough to try" and fosters accountability and a sense of engagement. It is a transformational mechanism for both individuals and the whole organization.

Sociocracy is based on seven main principles:
- **Consent:** Do things in the absence of reasons not to.
- **Equivalence:** People affected by decisions influence and change them on the basis of reasons to do so.
- **Accountability:** Respond when something is needed, do what you agreed to and take ownership for the course of the organization.
- **Continuous Improvement:** Change incrementally to accommodate steady empirical learning.
- **Transparency:** All information is available to everyone in an organization, unless there is a reason for confidentiality.
- **Effectiveness:** Devote time only to what brings you closer towards achieving your objectives.
- **Empiricism:** Test all assumptions through experiments, continuous revision and falsification.

SOCIOCRACY

social ideals

engineering

agile/lean

scientific method

democracy

quaker meeting practice

cybernetics

1.0   2.0   ❯ ❯ ❯ ❯   3.0

holacracy

Auguste Comte
(1851)

Lester Frank Ward
(1881)

Kees Boeke
(1926)

Gerard Endenburg
(1970)

Brian Robertson
(2008)

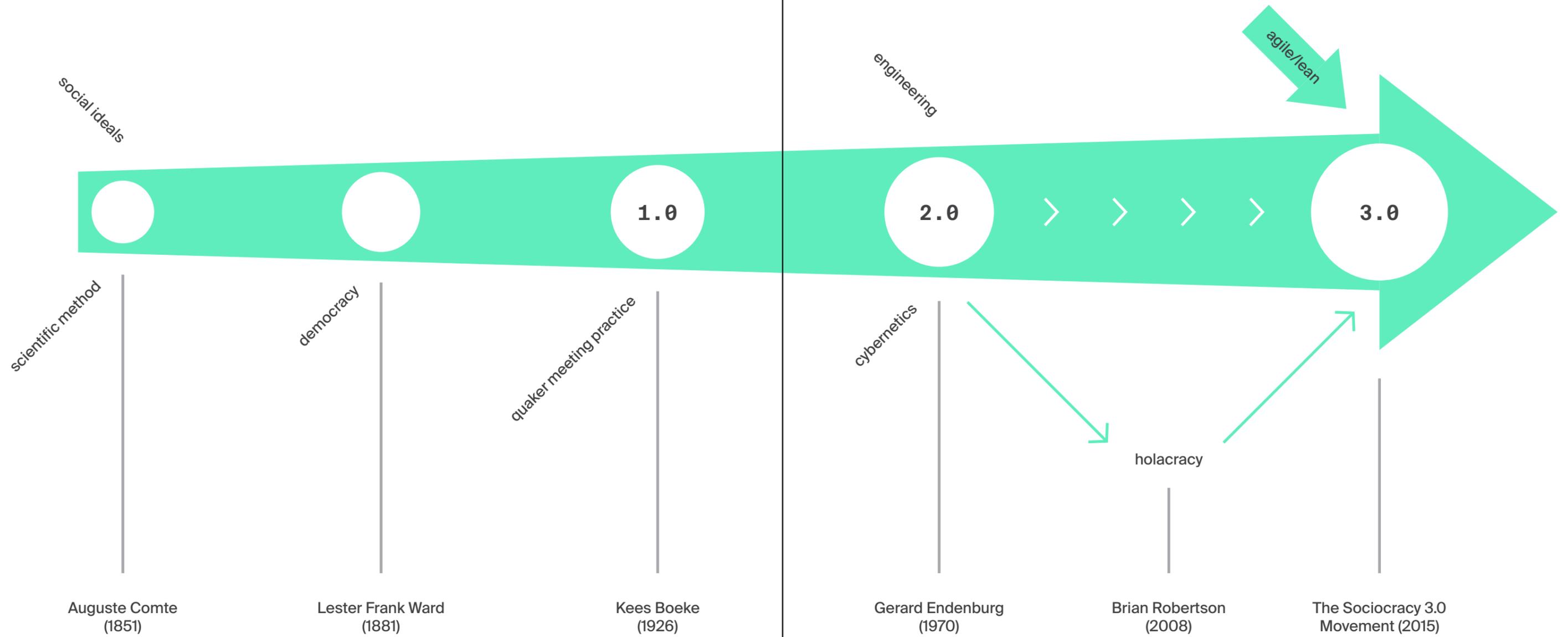The Sociocracy 3.0
Movement (2015)

Fig. 2. History of sociocracy.
Source: http://sociocracy30.org

04

HANDBOOKS: A SET OF VALUES/ PRINCIPLES

The role of the handbook is capturing an organization's culture in describing its purpose, shared set of values and success definitions. Handbooks are very popular among collaborative, semi-autonomous organisations and networks:

- The Loomio Cooperative Handbook (http://loomio.coop/)
- Thoughtbot Playbook (https://thoughtbot.com/playbook)
- Valve Company Handbook (www.valvesoftware.com/company/Valve_Handbook_LowRes.pdf=)
- Gitlab Company Handbook (https://about.gitlab.com/handbook/)
- Crisp DNA (http://dna.crisp.se/docs/index.html)

In the following chapter, inspired by the handbooks from Enspiral (https://handbook.enspiral.com) and Ouishare (https://ouishare.gitbooks.io/ouishare-handbook/content/), a first draft of a handbook that will be (after tweaked to our needs and purposes) in use at CODEC in 1-3 years.

4.1:

CODEC Handbook (first draft)

This Handbook's primary audience is CODEC contributors, but it will be publicly available for others who might find it useful. The goal is to give everyone in the network as much clarity and context as possible, while sharing our structures and practices with the outside world as well.

STRUCTURE

The handbook is broken up into chapters and subchapters. The chapters are:
- Agreements; the official legislation that governs the CODEC network. Changing these requires a formal process.
- Guides; explaining in practical terms how we operate, what communications tools to use, or how to improve things at CODEC. Any CODEC Contributor can change these.
- CODEC Foundation; the central node in the network. The Board, Ops Team, Catalysts, Comms person, and Ventures all have some formal arrangement with the Foundation, which is owned by all the CODEC Members.

AGREEMENTS

Agreements are documents which define important processes at CODEC. They are the legislation which govern the rules of how we operate. The process for creating and changing Agreements is defined in our Decisions Agreement.

1: CODEC Foundation Board of Directors Agreement

This agreement sets out the roles and responsibilities of the CODEC Foundation Board and the powers granted to the Directors of CODEC Foundation. CODEC Foundation's goal is to distribute vision, strategy, and leadership as widely as possible in the network, so our approach is a "minimum viable board" (MVB), with a narrow compliance focus.

Roles and Responsibilities
- Ensure CODEC Foundation is fully compliant with laws and regulations.
- Maintain an overview of current finances, long term financial view, and adequate reserves (as defined in the Financial Agreement).
- Decide what kind of financial activity can go through the Foundation, and oversee activity in the Foundation's accounts.
- Oversee all agreements between CODEC Foundation and other entities (including CODEC Ventures and external organisations).
- Make recommendations about substantive decisions involving CODEC Foundation and its assets, consulting with the shareholders and wider network.
- Report quarterly on its activities to the shareholders and wider network.

Selection and Composition
- Members (shareholders) and existing directors are expected to actively maintain a diverse board in keeping with the Diversity Agreement.
- CODEC currently has no quota or strict compositional requirements of the board as we do not want to limit the spectrum of diversity considered.
- Directors do not need to be CODEC Members, and the perspectives of non-member directors is welcomed.

Processes
- Directors can be appointed by the CODEC Members with 75% support.
- Directors can be removed by the CODEC Members with 75% support.
- There will be a minimum of 3 and a maximum of 8 directors at any one time.
- The Directors must elect one of their number as chairperson of the Board.
  Further defined by this agreement:

- The board of directors will meet at least quarterly.
- Directors serve a term of a minimum of 2 years and a maximum of 5 years.
- Decisions about appointing and removing directors will be made in the CODEC Members Loomio group.
- Any CODEC member may nominate a new Director.
- All directors must become CODEC Contributors, in order to have access and context on network activity.
- The Chair is selected by a 'paper, scissor, rock' process (best 2 out of 3), with the loser becoming the Chair of board for 12 months.

Emergency Powers
The Board can take extreme unilateral action, a power CODEC aims to apply only in rare emergency situations, such as the following risk areas:
- Financial bankruptcy or solvency risk;
- Illegal conduct and legal disputes;
- Extreme brand/reputation risk;
- Breakdown of normal decision-making processes.

In these cases, the board has powers including terminating contracts, disabling online platforms, commandeering funds, and any other actions the directors deem necessary to meet their legal responsibilities and allowed under the Companies Act.

Expectations
Directors will:
- Regularly participate in CODEC's online and offline collaboration spaces, such as Loomio discussions, member's meetings, and retreats.
- Make themselves available to answer questions and hear concerns from anyone at CODEC regarding the CODEC Foundation, and their roles and responsibilities as board members.
- Conduct themselves in a manner which upholds the values of the network and enhances CODEC's reputation.

2: Decisions Agreement

This agreement defines how formal decisions are made at CODEC. It identifies a number of different types of decision-making protocols, and describes processes for participating in formal decision making.

Context
CODEC is a network of highly autonomous individuals, teams, and ventures. As much as possible, we encourage people to make decisions for themselves. CODEC is also a network building shared commons, and pursuing shared aspirations, that call for collective agreements and commitments. There are a variety of situations where it is useful or necessary to make a formal decision as a group.

Decision Protocol: Consensus
For formal decisions, CODEC uses consensus decision-making, a methodology with a specific meaning and practice. Consensus does not mean unanimous agreement or engagement from everyone on all decisions. The key concept is consent (you can live with it), which is distinct from agreement (it's your preference or first choice).

Agreements
Formal decisions with everyone are only intended to be used when they will have significant impact on the wider network. This Decision Agreement is the core agreement from which all others derive their mandate.

In order to enable efficient decision-making, provide clarity to participants, comply with laws, and protect the network, certain formal decisions are delegated to specific people, groups, or processes other than a consensus decision. This delegation is an Agreement and they are documented in our Handbook. Decisions to change existing Agreements or create new ones are made by everyone in the network together.

Decision Tool: Loomio
At CODEC, formal decisions are made using a software tool called Loomio (www.loomio.org), which helps groups make collective decisions using constructive deliberation. This process is based on the principle that diverse perspectives can be synthesised to achieve better solutions that work for more people.

While making use of other channels (online and offline) to enrich input into a decision is

strongly encouraged, the results on Loomio are considered the official outcome. This is so that we can keep a clear record and archive, and to ensure that everyone who desires to participate in a given decision-making process has the opportunity to make their voice heard. Not every Loomio proposal constitutes a formal decision. Many Loomio proposals are created simply to gauge interest or share information. For the purposes of this Agreement, a "formal decision" is a clearly worded Loomio proposal seeking a specific mandate on behalf of the network.

Making Formal Decisions
Anyone can propose a formal decision at any time. We seek open, transparent decision-making and strive to enable the people who are affected by a decision to participate as fully as possible in making it. CODEC tries to make decisions with the widest possible circle of participants, while recognising the necessity and wisdom of delegating responsibility for certain decisions.

A formal decision is only required whenever there is a significant impact on the network. It is difficult to specify exact criteria for every case, so everyone is encouraged to use their best judgement to balance exercising autonomy with gaining shared understanding.

Formal decisions are needed for the following areas (some with the whole network, some with a subset of people or by a process which has been delegated by an Agreement):

- Agreements – creating new rules about how CODAC works
- Brand – using the CODAC logo and identity publicly
- Money – spending collective funds or for actions that impact our financial outlook
- Tools & Processes – how the network as a whole will work and communicate
- Relationships – commitments as a network with individuals or entities (such as invitations to membership, appointing directors)
- Buy-in & Awareness – when seeking a shared sense of ownership and support from the network as a whole

Decision Types
This agreement sets out the types of consensus decision making protocols that are used within CODEC. These protocols are named here so they can easily be referred to
in other Agreements and contexts, and people can consider which is most appropriate for the situation. The default for all formal decision making in CODEC is the Standard Decision:

Type	Passing Criteria	Engagement Threshold	Minimum Timeframe	Description
Standard Decision	Passes as long as there are no blocks	None	3 working days (5 working days encouraged when possible)	This is the default option and is used for most decisions at CODEC. Ensures that no one strongly opposes a course of action, while allowing progress to move forward. If there are a large number of "no", it's strongly advised to work on another iteration to find a better solution, but the proposer may move ahead at their discretion.

Additionally, we have other types of formal decisions for specific circumstances. When using any of the decision types below, it must be clearly specified in the proposal.

Type	Passing Criteria	Engagement Threshold	Minimum Timeframe	Description
Significant Decision	Passes as long as there are no blocks and more than 50% of those stating a position agree	None	5 working days (10 working days encouraged when possible)	This option should be used for more consequential decisions, such as changes to CODEC Agreements.
Quorum Decision	Passes as long as there are no blocks.	Requires at least 75% of all eligible voters to agree or abstain (meaning at least ¾ of all group members must participate)	5 working days (10 working days encouraged when possible)	This option is used when a Special Resolution (as defined in the Constitution) is required
Emergency Decision	Passes even if there are blocks, but requires 75% of those stating a position to agree	None	10 working days. If faster action is required, the board can exercise its emergency powers.	This option is a safeguard when the normal decision making processes fails. This option is only used in specific circumstances where a minority block would be destructive, such as removing a member, contributor, catalyst or venture from the community or a role.

Discussions and Proposals

Loomio decisions are generally preceded by a Loomio discussion. It is recommended to allow space for open discussion before starting a proposal, to give people an opportunity to be actively involved in shaping the context of the decision, and to share relevant information and opinions.

Any participant can raise a proposal, which describes a clear course of action or resolution. Once a proposal has been created, participants are asked to state a position.

position	meaning
YES	You're happy with the proposal.
ABSTAIN	You're happy for the group to decide without you.
NO	You think there might be a better alternative, but you're willing to go with the group's decision.
BLOCK	You've got serious objections and you'll be extremely unhappy if this proposal goes ahead.

Blocking

At CODEC, a single block is sufficient to stop a proposal proceeding in most cases. This places a considerable responsibility on someone blocking to deeply consider their choice, and on everyone involved to respect the right to block and to work toward a resolution.

A decision to block should not be taken lightly, but if you feel strongly about an issue and really want to stop a proposal you actually need to block it, because simply disagreeing or arguing against is not a guarantee that it won't be passed.

Blocking Policies:
- Place the good of the whole group above your own individual preferences.
- You are not required to propose an alternative solution to raise a block, but you must articulate the nature of your block clearly so the group can understand the concern and work toward a resolution.
- Simply vetoing a decision is not considered a responsible use of consensus blocking - you must be prepared to work collaboratively to try and reach a resolution, make time for conversations, and to help others understand the issue.
- Blocks should only be used in cases where the blocker genuinely believes there is a significant risk of harm to the network, or that the proposal contravenes the fundamental values of CODEC.

Note: Blocks by CODEC Members are binding. The question of whether blocks by contributors are or should be binding as well is ambiguous.

Decision Culture and Practice

While this document defines our formal decision making protocols, the effectiveness of our decision-making practice depends on our collective culture. The following principles have been found to be helpful in supporting formal decision-making at CODEC.

Your Participation:
- Share your genuine and honest views and opinions.
- Be succinct and clear in your communication.
- Modulate the volume of your contributions to leave space for equitable participation from others.
- Practice empathy and ask questions. Listen to understand, not to find fault.
- Actively engage in order to help the group make progress.
- Be prepared to have your mind changed - don't be overly attached to your ideas.
- Consciously embrace diverse perspectives to reveal blind spots.
- Ask for help if you are not adequately engaged or don't understand an issue.

Enriching Engagement:
- Open multiple channels to get well-rounded input (not just Loomio, not just online).
- Involve people who are not in your geographical location and those you do not work with regularly.
- If you encounter tension, conflict, or confusion, escalate communication to a higher bandwidth channel (Loomio to chat, chat to video, video to one-on-one, one-on-one to mediation by a third party), and then report outcomes back to the group.
- Take considered acts of facilitation to improve the experience of the group overall (examples: inviting in those we have not yet heard from, clarifying and summarising points raised, suggesting good timing for a proposal, etc).

3: Diversity Agreement

CODEC is committed to developing and fostering a culture of diversity within an equitable workplace where all people are respected and valued. CODEC will take active steps to reflect the diversity of the communities it works in. This policy provides a framework to which all other policies should align. It provides direction to everyone at CODEC.

CODEC will better reach its overall goals if it is successful in systematically identifying and removing barriers to full participation in all aspects of our work. Increasing diversity has been consistently shown to help business succeed. It is essential for reaching both our financial and social goals.

CODEC will:
- be guided by the principle that equity means more than treating people in the same way; it requires special measures and the accommodation of differences.
- advocate for learning and development opportunities to raise awareness and build understanding of equity and diversity in practice.
- not tolerate discriminatory behaviour, such as harassment, name-calling, and disparaging jokes, and will take responsibility for appropriately addressing such incidents.
- include a commitment to diversity in the selection process for who we bring into our community.

It is the responsibility of everyone at CODEC to ensure that we uphold its principles of equity and diversity in all its practices.

Context
The CODEC Network is a collective of people - at its heart CODEC is simply made up of relationships. Everyone at CODEC is a Contributor, and some are also Members. As Members are a subset of Contributors, they are expected to fulfil everything under "contributors" below, in addition to what's listed under "members". This agreement specifies these roles:

Contributors	Members
Joining	
Invited by any Member.	Nominated by any Member. Approved by Quorum Decision of the members.
Leaving	
Opts out at the 3-month point or annual renewal point. Removed by Emergency Decision of the members.	Resigns at any time, or opts out at the 6 monthly check-ins. Removed by Emergency Decision of the members.
Required	
Follow agreed CODEC policies (such as the Diversity Agreement). Opt in after 3 months and every 12 months after that, and make a self-set financial contribution (see Financial Agreement). Accept the invitation to the CODEC Loomio group.	Hold one non-financial share of CODEC Foundation Ltd, representing collective ownership and decision-making stakeholding. Respond promptly to requests related to shareholder duties, such as signing required paperwork. Decide which contributors, members, and ventures are invited to join and asked to leave Appoint directors of CODEC Foundation Ltd and hold them accountable. Participate in Member decisions on Loomio Opt-in every 6 months.

Contributors	Members
Expected	
Participate in online communications channels and collective decisions. Allocate funds in Co-budget. Contribute to the internal culture of support and generosity Help build CODEC in your own way. If you notice something that can be improved, work on it or talk to people about it. If you access an opportunity through CODEC, set it up to contribute back to the network in some way. Learn about the social mission and uphold the values.	Attend Members meetings and retreats. Choose to do your most important work within the network. Ensure that your personal success contributes back to the network in some way. Actively participate in the wider network, online and offline.
Encouraged	
Attend CODEC retreats and events. Host events, share your knowledge and skills. Propose buckets in Cobudget, and work on other's projects. Refer opportunities to CODEC people and ventures. Respond to invitations to participate in network initiatives and contribute to setting the direction of the network. Do commercial work through ventures in the network to enhance your livelihood and that of others.	Invite new Contributors. Support people to navigate their CODEC journey. Create opportunities and offer support for others. Nominate Catalysts, and serve as a Catalyst Steward. Facilitate new Ventures joining, and serve as a Venture Steward. Serve as a director of the CODEC Foundation.

5: Stewardship Agreement

- Every member has a steward.
- Every new contributor has a steward. By default, this will be the person who added them.
- Eventually everyone who wants one will have a steward.
- Anyone can be a steward.
- Anyone taking on a named role (e.g. Catalyst, Matchmaker) needs a steward.

Your steward looks after your relationship with the group, your one guaranteed point of contact. You and your steward can agree the scope of the role together. As a suggested start point, they should check in with you once per month to see how you're going. For information about how we implement this agreement, check the stewarding guide.

6: Brand Agreement

This agreement is explicitly for anyone to use the CODEC brand to align with their project, initiative, venture etc. and get the right support and help they need to make it happen. "... by CODEC" can be used for things like: 'supported by, powered by, associated with, sponsored by...

Under this agreement to use the brand in this way all you need to do is:

01. Articulate your initiative
The purpose is to act as a risk register and ask some reflective questions that further the thinking of the person behind the project, whilst providing some rigour of thinking to people outside of the project.

02. Gain approval from 3 members of the working group.
This will require you to reach out and chat about your idea with at least 3 people in the Brand Circle. It's a good chance to circulate your idea in the network, gain momentum for it and also get valuable feedback to see risks, issues and opportunities you might not have seen yet.

When you've got this crew behind you, you can go for it and use the brand on your amazing, innovative, risky-as-hell or safe-as-houses

new 'Supported by CODEC' project. If you fail spectacularly and publicly, you'll have our support. Innovation is messy – and running with clear intent and failing is a great thing. If you succeed, awesome. No doubt the network will continue to support you.

7: Catalysts Agreement

Context

With Catalysts at CODEC, we are attempting to take the function of executive leadership, share it across multiple agents, and cycle many people through the role under a set time limit. The goal is to increase the rate of evolution at CODEC by reducing friction people encounter trying to make changes and improvements.

Without formal power structures, informal ones naturally emerge. To decentralise power, we must continuously, explicitly, and proactively distribute it. This agreement is a stepping stone on CODEC's journey of understanding decentralised organising – we expect it to change as we learn more from putting it into practice.

Each aspect of the Catalyst design is there for a reason:

- We want to make power visible, to enable people to navigate the social landscape and to step into leadership roles if they so desire, so we name Catalysts explicitly and make the processes of becoming one clear.
- We enable any three members to appoint a Catalyst, without needing permission or approval from a majority, as one way to empower minority voices and avoid a homogeneous perspective.
- Accountability and connection to wider network perspective is important, so catalysts are involved in creating, reviewing, and completing initiatives funded with collective resources.
- Contributors are free to disagree with Catalysts, and can request funding without a Catalyst co-sponsor, so long as they have allowed time for review.
- We want to scope a minimal role for the board of directors, so we delegate strategic leadership to Catalysts in a consciously designed way.

Roles and Responsibilities
CODEC members are responsible for ensuring that:

- There will be at least 3 Catalysts at any given time.
- Combined Catalyst time must equal at least 1FTE (eg: 2 people 2 days/week plus 1 person 1 day/week) or more.
- Each Catalyst must make a time commitment of at least one day per week.
- Catalysts serve a term of at least 6 months, and not more than 24 months.
- Catalysts meet regularly for support and collaboration.
  As leaders, Catalysts are responsible for defining and managing their own work. The specific functions below are intended to only occupy a small fraction of a Catalysts committed time, with the rest spent on their self-directed work programme.

Catalysts Review and Co-Sponsor Buckets
Any contributor may propose a bucket idea. Catalysts review and comment on all bucket ideas. When a Catalyst joins as a co-sponsor, the bucket moves forward for funding. If no Catalyst joins as a co-sponsor within seven days, the contributor may put it forward for funding without a co-sponsor, at their discretion. A Catalyst may not co-sponsor their own bucket. Whether a bucket subsequently receives funding is up to those holding money in Co-budget.

Catalysts Must Report on all Buckets
Catalysts follow up on all buckets funded (co-sponsored or not), and ensure the outcome is reported in Co-budget. Catalysts cancel buckets that have been abandoned or not completed in a reasonable period (in accordance with the financial agreement).

Maintain a Prioritised Network Issues and Initiatives List
This content must be accessible to everyone and kept up to date. Catalysts are expected to facilitate a range of inputs from the wider network to add issues, influence prioritisation, and shape the direction of the network.

Processes
Appointment
- Three CODEC Members, acting as Catalyst Stewards, can contact and appoint a new Catalyst of their choice.

- People who want to become Catalysts can gain support from three CODEC Members to support their appointment.
- Catalysts Stewards are expected to consult widely in the network before appointing a Catalyst to gather feedback.
- Catalyst Stewards must consider the Diversity Agreement when making appointments.
- New Catalyst appointments are announced in CODEC News.

Constraints
- A CODEC Member may only Steward one Catalyst at a time.
- Catalysts must be Members or Contributors.
- Catalyst Stewards must ensure that the prospective Catalyst is eligible (can make required commitment and has sufficient funding) and capable (has the skills and leadership capacity).

Support
- Catalysts are expected to provide robust peer support to other Catalysts.
- The 3 nominating Catalyst Stewards must provide support and accountability role for the Catalyst for the duration of their term.
- There must be three active Stewards for each Catalyst at all times or the Catalyst is removed unless another Steward can be found.
- Catalysts are invited to consult with previous Catalysts, the CODEC Members, the Board of Directors, outside experts, and the wider network as needed.
- If anyone has an issue with a Catalyst that cannot be resolved directly, the Stewards are the contact point.

Resourcing
Catalysts Stewards are expected to ensure that Catalysts they wish to appoint have sufficient resourcing in place to successfully fulfil their commitment. Funding may come from a range of sources, such as:
- Secondment from an CODEC Venture.
- Self-funded through independent means.
- External funding (grants, etc.)
- Bucket funding.
- Funding from Foundation reserves.

Completion
- A Catalyst may resign at any time (but expected to serve at least six months)
- A Catalyst is automatically removed after two years.

- Members can remove a Catalyst with a Loomio decision that goes on for at least 2 weeks, where at least 75% vote yes, regardless of any blocks and with no engagement threshold.
- A Catalyst is automatically removed if they do not have three active Stewards.

Expectations

Each Catalyst will have their own style of leadership, and diverse approaches are strongly encouraged.

However, there are some guiding principles we expect all Catalysts to follow:

- Gentle – exercise power with others, not over others.
- Firm – hold people to their commitments, especially yourself.
- Selfless – subsume your personal motivations to those of the group.
- Kind – care for the people, care for yourself. Ask for and offer support.
- Ambitious – aim for high standards in both yourself and others.
- Inclusive – consistently create opportunities for all kinds of people to engage.
- Catalysing – consciously develop leadership capacity in yourself and others.
- Holistic – regard the bigger picture, the longer term, and the network as a whole.

05

LOOK AHEAD

The research shows that as far as CODEC is concerned, there is life after the hierarchical, control and command type of management. We see an ever growing ecosystem of different self-management, autonomous and semi-autonomous team and network approaches. And our bet is, that every organisation needs a slightly different approach to managing itself. This is our path. We are at the beginning of our journey and through practice we are keen to find out what works for us and what doesn't.

06

APPENDIX

6.1:

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6.2:

Research author and CODEC's founding members

Maxim Dedushkov, principal Investigator and CODEC founding member
Maxim is a design expert and strategic designer. Maxim has been part of the design scene since 2008. He is the co-founder of Hello Wood, an international wood workshop and festival, founder of HOLIS, a holistic design summer university, founder of MOME line, the design agency of the Moholy-Nagy University of Art and Design, founder of MOME ID, a digital product course and the driving force behind the Budapest Design Meetup. He runs a small design agency called Dedushkov.

CODEC's founding members

Michala Lipková, founding member
Designer working along boundaries of UX, product and communication design, currently co-founding a hardware startup Benjamin Button. Michala leads commissioned research projects at the Institute of Design at the Slovak University of Technology in Bratislava. Since 2013 she is a managing director of collaborative platform Flowers for Slovakia, focused on promotion of Slovak design abroad.

Barbara Predan, founding member
Assistant professor, theoretician, designer and author. Co-founder and leader of the department of design theory at the Pekinpah Association (pekinpah.com), and director of the Ljubljana Institute of Design, an academic research organisation. She has published several professional and scholarly articles and is the author or coauthor of four books. She has edited ten books and curated ten exhibitions. She regularly lectures at international academic and professional conferences, and, with Petra Černe Oven, leads a number of workshops in the field of service and information design.

Kate Spacek, founding member
Kate has lived and worked in the Czech Republic since 2011, and has been part of CZECHDESIGN.CZ for almost as long. Her role as international projects coordinator covers working with multi-national teams on projects, grants and exhibitions. She studied BA Photography and MA Landscape Architecture in the UK, and she works a landscape designer and program manager for international student study trips, as well as a copy writer for Czech design firms.

Henryk Stawicki, founding member
Henryk offers a unique perspective as both designer and strategist and is capable of designing measurable, unique scenarios for the future. Leading a strategic-creative agency, Change Pilots (changepilots.pl), he helps organisations build strategies for services, brands and products using design mindset and process. Henryk consults and runs trainings in the field of design strategies and management tailored both for entrepreneurs and designers. He teaches Design Management and Design Thinking at the School of Form in Poland. Member of the Advisory Board at Gdynia Design Days and co-founder of CODEC. Always working in transdisciplinary teams, he offers a multicultural perspective thanks to his years of practice in New York City, Poland and London, in organisations such as Parsons School of Form, Replay Creative and studio student work at IDEO.

6.3:

About CODEC

CODEC, the Co-Design Collaborative is a design driven interdisciplinary network of highly skilled and experienced individuals, companies, associations and research institutes in Europe. We co-innovate with our users by combining rigorous research, vast practical experience and in-depth know-how. We are driven by a common social purpose: to not only do things right, but do the right things.