

## First Example: A Hairdressing Shop

Right after closing time, the staff of a hairdressing shop gathered for a circle meeting. The shop was part of a growing, dynamically organized franchise company. Nine of the ten full-time workers and one part-time person were present and ringed the room.

It had been six weeks since the last meeting. Donna, an experienced stylist and regular facilitator of the meeting, followed the dynamic governance format for a circle meeting. (See Figure 2.) Starting with an opening round, she asked each person in turn to say briefly how they were doing and, if they wished, to make any comments on the agenda. As each person spoke, bringing him or herself into the meeting, there were nods, some good-natured laughter, and a few clucks of sympathy. The opening round complete, Donna dealt with administrative matters. She asked if everyone had received a copy of the decisions made in the previous meeting. Susan, an apprentice, said she'd forgotten hers, and Charles, a stylist and secretary of the circle meetings, handed her an extra copy.

The circle was experienced in consent decision-making and handled its proceedings with deceptive informality. Donna watched them scan the list of decisions and after seeing several nods said, "Since no one seems to have a problem with the minutes, let's go on to the agenda. As all of you know, I'm getting a promotion and will be managing the new shop opening over by the lake (some good natured cheers erupt); so, we need to elect a new circle chair. Second, several of you mentioned that you're concerned about our competitor's salon that's opening in the other wing of this shopping center. The only other agenda item I have is Mildred's request to talk about coverage of our shop on Sundays."

Mildred, the manager, supervised the shop and presided over routine weekly staff meetings, but, by the circle's choice, she did not chair the circle meetings.

Figure 1: The Defining Elements of Dynamic Governance

### The Defining Elements

**Consent** – The principle of consent governs decision-making. Consent means no argued and paramount objection. In other words, a policy decision can only be made if nobody has a reasoned and paramount objection to it. Day- to-day decisions don't require consent, but there must be consent about the use of other forms of decision-making.

### **Election of Persons (a corollary of Consent)**

– Election of persons for functions and/or tasks takes place in accordance with the principle of consent and after open deliberation.

**Circle** – The organization maintains a structure for decision-making consisting of semi- autonomous circles (i.e., groups of individuals). Each circle has its own aim and organizes the three functions of leading, doing, and measuring/feedback. A circle makes its own policy decisions by consent, maintains its own memory system, and develops itself through research, teaching, and learning that interacts with its aim. A circle makes consent decisions only in specially formatted circle meetings.

**Double Linking** – A circle is connected to the next higher circle with a double link. This means that at least two persons, one being the functional leader of the circle and at least one representative from the circle, are full members of the next higher circle.

Again, no one voiced any objections, and Donna started into the content part of the meeting. She introduced the first agenda item by saying, “Now then, let’s proceed with selecting a new circle facilitator to replace me.” She then proceeded to follow the template for conducting dynamic governance elections. Figure 3 is of the process for elections.

Addressing the first step, Review Role, she said, “We’ll be electing the person for a one- year term. The duties are to prepare for and lead our circle meetings.” As everyone seemed satisfied with this short description of the job, she continued to the second step. “Charles, would you please hand out the *Ballots*?” Figure 4 shows a typical dynamic governance ballot.

Based on the strength of the arguments for Charles, Donna proposed him for the job and she initiated a *Consent Round*, asking each person in turn, “Do you have any objection to Charles as the new chair?” She asked Charles last. As no one objected, she announced that the circle had selected Charles. Donna paused for a moment, as everyone in the room seemed to experience a moment of quiet satisfaction at the completed election.

Charles suggested that Donna chair the rest of the meeting, and she moved on to the next topic on the agenda. Following the template for making policy decisions by consent, Figure 5, Donna asked Michele to give her report (Step 1). In the previous meeting, circle members had been very concerned about a competitor’s new styling shop that would be opening in another part of the shopping center. It had asked Michele, a stylist and the shop’s elected representative to their franchising company, to investigate and propose (Step 2) what they should do to handle the new competition. Michele said she’d spoken with the franchising company’s main office and to a number of other people and it seemed that the competition was coming in because their own shop had so many customers. The new shop would try to take their customers by offering manicures, and other extra services free, at least for the time being. She proposed (Step 3a) that their shop offer special promotions for the first few months after the other store opened and that they talk with their customers about what new services they might like to have. After some clarifying questions (Step 3b), Donna asked for quick reactions (Step 3c) to Michele’s proposal. Most felt it was a good idea, and some asked how much the special sales promotions would cost. Donna asked Michele if she wanted to amend her proposal based on the quick reactions.

### The Order of a Dynamically Governed Meeting

A. Opening round – a time to attune – like an orchestra just before the concert.

B. Administrative concerns such as announcements, time available for the meeting, consent to minutes of last meeting, date of next meeting, acceptance of the agenda.

C. Content

Agenda item Second agenda item Etc.

D. Closing round – a time to measure the meeting process – e.g., use of time, did the facilitator maintain equivalence, how could the decision-making have been more efficient, did everyone arrive prepared. Also, this is a time to mention items that should be on the agenda for the next meeting.

### Dynamic Governance Elections Process

1. Review Role: Describe responsibilities, qualifications, and term.
2. Nomination form: Fill out nomination form giving your name and the name of the person you nominate and give to election leader.
3. Explanations round: Each person says why they made their nomination.
4. Change round: Election leader asks each person if they want to change their nomination based on the arguments they heard in the previous round.
5. Consent round: Election leader proposes the candidate with the strongest arguments and asks each person if he or she has a paramount objection to the proposed candidate, asking the proposed candidate last. If there is an objection, the election leader leads the group in resolving the objection and initiates another consent round.

Figure 2: Format of a Dynamic Governance Circle Meeting

Figure 3: Template for Dynamic Governance Elections

I, \_\_\_\_\_ (Your Name)

NOMINATE: (Name of Candidate)

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Figure 4: Dynamic Governance Ballot

Each member of the circle took a few moments to fill out his or her ballot and then handed it to Donna. Proceeding with the third step, Donna picked up the first ballot from the stack and reading it said, “Linda, you nominated John. Would you give your reasons for choosing him?” Linda gave a short explanation. Donna asked the next person and continued reading the ballots until everyone had presented his or her nominee and reasons for the nominations. Some gave arguments for John and others spoke in favor of Mildred, Joyce, or Charles. This *Explanations Round* highlighted the positive qualities of each nominee.

After everyone had given an initial opinion without discussion, Donna asked if anyone wanted to *Change* their vote based on what they’d heard, the fourth step. Two people said that they liked the reasons given for Charles, including a person who had objected to him in an earlier election based on his inexperience. (This self-organized movement toward Charles occurs frequently in dynamic governance elections.)

Michele thought for a moment and said, “I imagine the advertising and specials will be pretty expensive, and I’m not sure how expensive. But, it is really important that we keep as many customers as we can during the other store’s big opening extravaganza. So, I will add to my proposal that we authorize Mildred to spend up to 20% of our expected profits over the next three months on advertising and special promotions. She can tell us if she needs even more money than that.” Michele glanced at Mildred, the shop manager, to try to gauge her reaction.

The others were quiet a moment as they considered the effect on their own monthly profit-sharing payments.

Donna broke the silence saying, "Alright, let's see if we have consent for Michele's proposal." She did a consent round (Step 3d), asking each person in turn whether they had any paramount objection to Michele's proposal. To Michele's surprise, no one had an objection

to the money part of her proposal, but Charles objected because he felt it wouldn't give them enough information about the services of the other shop, what they were really offering and their quality, and a way to react quickly if there was some new gimmick. In a way it left them blind, that was why his objection was paramount. Donna summarized Charles' objection on a flip chart and continued the round without further discussion.

In the end, Charles had the only objection. Donna initiated a dialog focused on Charles' objection by asking Charles if wanted to elaborate further. "Well," he said, "We don't have any way to research or learn from them. What are they doing better? What are they not doing as well?"

Several other people made comments. After a bit, Donna saw that a strategy was starting to take shape (self-organizing). She cut off the dialog and said, "So, we're saying that in addition to Michele's proposal, we want

## Decision-Making Process

1. Identify elements of the issue to be decided (What's the picture?)
2. Generate a proposal (What's our approach?) Often a person or persons may be asked to prepare a draft proposal and circulate it for comment and revision before the next meeting.
3. Consent to the proposal (What's our decision?)
  1. Present proposal
  2. Clarifying round – clarifying questions only
  3. Quick reaction round – quick feedback about the proposal; as appropriate, tune proposal based on the quick reactions.
- d. Consent round – if objections, record on a flip chart without dialog until the round is completed; if necessary, amend proposal and repeat consent round. (If needed, a dialog may be initiated until potential amendments begin to emerge.)

Figure 5: Template for Making Policy Decisions by Consent

Mildred to organize an on-going effort to check out the other shop. Each of us will take turns going to the other shop as customers to make our professional assessments of what they are doing. Mildred will get other people to go, too, who will talk to their other customers to find out what they think and why they are going there rather than here. We'll get training or change our advertising depending what we find." Donna did another consent round, and this time no one had any objections. The decision was made.

Donna then moved to the third topic, coverage of the shop on Sunday afternoons – an unpopular time to work. In its previous meeting the circle had created a new assignment schedule after intense dialog. Mildred reported that she had received no complaints so far

except her own: namely, the new schedule was difficult for her to manage. To keep dissension at a minimum, the circle had closely limited her authority to modify the schedule unilaterally. She said she now objected to those tight reins because the schedule was unworkable without more latitude. She described the changes she wanted. As no one seemed against the idea of giving more flexibility or inclined to discuss it extensively, Donna skipped the steps of asking for questions and quick reactions and simply asked for consent. There were no objections.

Donna concluded the meeting with a closing round (Figure 2, Step D) in which she asked each person for a short evaluation of the meeting without discussion. The meeting then broke up after running for an hour and fifteen minutes.

This hairdressing shop example illustrates the dynamic circle meeting format and the consent decision-making processes for electing people and for making policy decisions. It also alludes

to the double-linking defining element when it mentions Michele's role as representative to the franchise's regional general management circle. Double-linking (Figure 1) in particular sets dynamic governance apart from other management strategies. It allows organizations larger than a single circle to use consent decision-making holistically, greatly improving upward feedback and facilitating managerial delegation.

Beyond the scope of this example is the dynamic engineering of the shop's work. There are other templates that help a circle articulate its own aim; organize itself using the three functions of leading, doing, and measuring/ feedback; maintain its own memory system; and develop itself through research, teaching, and learning that relate to the aim. Dynamic engineering is a bit like industrial engineering except that, unlike traditional industrial engineering, control of the work process is in everyone's hands. The result is that every person has the chance to be an entrepreneur in his or her own domain of responsibility.

The second example, based on a real-life event, illustrates the defining element of double linking.

## **Second Example: An Alternate Idea in a Crisis**

Gloom reigned among the more than one hundred members of a company that manufactures and installs heavy-duty electrical equipment. A local shipyard had suddenly shut down, unable to keep up with foreign competition. The shipyard accounted for almost all of the Boat Department's business.

Fortunately, however, the company was governed dynamically. Every four to six weeks all the departments met in the policy decision-making structure shown in Figure 7 to adjust the policies which govern their work. Unlike the boxes in Figure 6, which represent the day-to-day operational structure, the triangles in the bottom row of Figure 7 include the department supervisor plus everyone reporting directly to that supervisor.

Triangles are used in the diagram to represent the three functions, leading–doing– measuring, that create the dynamic circular process. The groups of people and their meetings are referred to as circles and circle meetings because they are implementing this circular process.

The General Circle in Figure 7 includes the CEO plus the four supervisors reporting to the

CEO plus a representative elected by each department, nine people in all. The left hash mark at the top of each triangle represents an elected representative and the right hash mark represents the functional supervisor. The hash marks at the top of the Board Circle represent board members who are outside experts. Because each circle connects to the next higher circle through two people, the supervisor and an elected representative, the circles are double-linked. This feature is unique to the dynamic governance method and creates a circular feedback process between the two circles, the functional leader reporting down and the representative up.

Returning to the crisis, when word came of the shipyard closure, the Board Circle held an emergency meeting and decided to begin a layoff of most of the Boat Department. When the Board announced its decision, Max, one of the electricians in the Assembly Department, asked Henry, the Assembly Circle secretary, to call a special meeting of the Assembly Department Circle. The layoff did not immediately affect him, but he had an idea about another solution. Henry arranged a meeting and when everyone had gathered, Max explained his idea.

### (JEG KAN IKKE OVERFØRE MODELLERNE)

“It seems to me,” Max said, “that we’d do a lot better if we shifted everyone who would be laid off to a marketing effort. There has to be more business out there. I’m sure the guys in Boats would rather not knock on doors with a suit and tie on, but I’ll bet they’ll do it if it means keeping their jobs. If they succeed, we’ll all get bigger long-term incentive checks and no one will lose their jobs.”

When it was his turn, Marvin, an apprentice electrician, commented skeptically, “It’s a nice idea, but I couldn’t see myself doing it, and I can’t see those guys in Boats doing it either.”

George, the circle’s non-management representative to the General Circle, continued, “I like Max’s idea. I think the Boat guys would rather stand on a carpet than in the unemployment line. What’s more, we have been doing some work for Boats making special electrical cabinets. If they don’t bring in more work, we could be next for a layoff.”

The dialog continued for several more minutes as the circle fell in behind Max’s idea. Gene, the circle’s facilitator then summarized their thinking by making a proposal for a decision. “Ok, it sounds like this is what we want to do: We designate Max as a temporary second circle representative to the General Management Circle. He will propose that we delay the layoff for one month while the Boats Department and anyone else who can be spared concentrates on marketing. The regular marketers will have to give some fast marketing and sales training.

Max and I will get Administration to help us calculate how much of the company reserve we'd have to spend to delay the layoff."

Gene glanced at Henry who was scribbling Gene's words in the official circle notebook. Henry nodded to indicate that he did not need Gene to repeat the proposed decision. "Ok," Gene continued, "let's go around the circle to see if anyone has objections." No one did. As the meeting broke up, Alex, the supervisor of the Assembly Department, said he'd report the decision to the company's general manager at once and ask the General Management Circle's secretary to call an emergency meeting for the next afternoon.

After initial reservations were resolved in the General Circle meeting, the circle decided to support the idea of temporarily reassigning the Boat workers to Marketing. Because the circle was limited in its authority to authorize expenditures from the reserve, they elected Max as a temporary second representative to the company's Board Circle (Board of Directors). In a special meeting, after heated debate, the Board gave its approval to a slightly modified plan, and the General Circle put the plan into action. It worked. Within three weeks, there were enough new customer commitments that the layoff never occurred, and the company is stronger today with a more diversified customer base.

In this second example, double-linking facilitated upward communication of an idea all the way to top management. The double-link process catapulted Max to a temporary position on the Board of the company. The self-organizing process identified the real leader of the (initiative).