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laRevue

Kéa Partners for transformation

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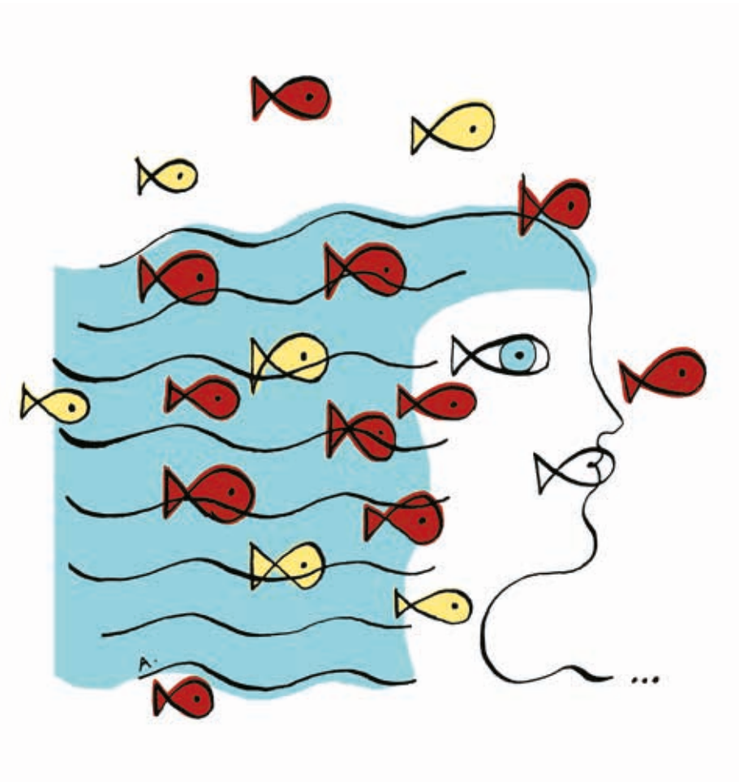

PATHS TO **AUTONOMY** IN ORGANISATIONS

SELF-ORGANISATION: A QUESTION OF METHOD

CHANGE OF COURSE FOR THE CORPORATE FUNCTIONS

SELF-ORGANISATION: 200 YEARS OF HISTORY

We talk to

> Michel Hervé: HERVÉ GROUP, THE DEMOCRATIC COMPANY

> Henri Molleron: COLAS AND ITS ENVIRONMENT DIVISION

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THE SPIRIT OF LA REVUE*

Can management be discussed in simple terms?

Company transformation is everyday business for us management and strategy consultants. It is also your business, you as the leaders of businesses that are perpetually undergoing change.

What we have learned – and what we continue to learn as we do our job day after day – is something we want to share with you.

You will not find any ready-to-go recipes here: there are no miracle concepts guaranteed to give your competitiveness a major boost. What we offer here is food for thought. There are no sermons or lessons; instead we provide a framework for interpretation, to help you separate the wheat from the chaff.

And because discussion is our thing, we also talk to personalities from outside our organisation, to garner their reactions to the ideas we put forward.

We intend to remain at the forefront of modern thinking, but won't be fooled by fashions!

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ARNAUD GANGLOFF
CEO of Kea & Partners

Editorial

Corporate liberation, holacracy, agility… these are buzz words all heard over recent years.

But this is not just a passing trend. Having previously focused firmly on the 'head', business leaders are now making the 'heart' its priority. And this is good news because it is the heart that keeps us alive!

Employee autonomy and initiative are an objective, and empowerment within organisations is a necessity. While there is increasing consensus on the need to liberate initiative within companies if they are to deal with complexities, the question of how to go about it remains virtually unanswered.

From the outset, Kea has taken a groundbreaking approach to the art and the science of corporate transformation. Our research has helped us to design companies that are transformative, adaptive, able to anticipate, agile… in a word, *alert*[1]. This new kind of company needs a new kind of management and organisation. Inspired by the work of Jean-Christian Fauvet on sociodynamics and drawing on our experience of implementing the *"organisation-mix*[2]*"*, we will describe the method here.

To fuel your thinking, this issue looks at two approaches – the method used to empower organisations, followed by the role that corporate functions should play. Then we have two interviews:

one with Michel Hervé, CEO of the Hervé Group, French parliamentary representative and MEP, who has brought participatory democracy to his company. It now serves as a benchmark. He tells us about the whys and wherefores of his initiative.

And another with Henri Molleron, Chief Environment Officer at Colas, who tells us about the transformation plan implemented at corporate level and in the subsidiaries, intended to help the subsidiary environment officers work autonomously and in a network for the long term.

Enjoy your read!

1. See Kea & Partners La Revue #19
2. The organisation-mix – what if companies finally started to harness the natural energy that comes with autonomy? - Jacques Jochem, in collaboration with Hervé Lefèvre and Kea & Partners – Éditions d'organisation – 2014

Autonomous organisation: a question of method

THIBAUT COURNARIE, DIRECTOR
Graduated from HEC business school Paris

Thibaut began his career working as a manager in retail banking. In 2006, he joined Kea & Partners as a consultant. Management, employees engagement and organisation are his preferred subjects. He continues to explore these spheres and shares his expertise with his clients.
He was appointed director in 2015 and now develops approaches used by Kea & Partners to establish a company's organisation-mix then boost its performance through employee empowerment and breaking down silos within the organisation.

HERVÉ LEFÈVRE, SENIOR VICE PRESIDENT
École Polytechnique and ENGREF graduate

Hervé has always worked as a management consultant. He founded Kea & Partners in 2001. He disposed of his shares in 2013, as provided for in the partnership by-laws, and handed over the chairmanship to Arnaud Gangloff. He has since continued to develop Kea in France and abroad. With Thibaut, he runs the innovation programme that focuses on organisation-mix concepts.
In addition, as Chairman of the *Institut de la Sociodynamique*, he works to promote and sustain social dynamics in companies.

What company head wouldn't be over the moon to see every member of their staff devoting as much energy, conviction, enthusiasm and initiative as they give themselves, to the benefit of the business? Haven't all business leaders observed and bemoaned the complexities that the company structure inflicts on the organisation's day-to-day operations?

How many employees have from time to time regretted not being able to contribute as they would like to improving working methods? And, conversely, how many devote a lot of time and energy to sidestepping the constraints brought about by procedures that are ill-adapted to their business?

A study conducted by PwC (Strategy&) in 2014, involving 511 business leaders, revealed that only a quarter of them claimed that their company was capable of translating strategic measures into operational objectives and that 54% were worried about their company's capacity to implement at least one action in its strategy. Two-thirds of them said that too large a share of the budget was assigned to initiatives that were neither strategic nor important, and 87% of management executives explained that the gulf between strategy and implementation resulted in many opportunities remaining unexplored or ignored by the company.

The mechanisms within organisations have seized up, the belts have slackened and the brakes have been applied, sometimes resulting in large parts of the structure being cut off from the top, and hence from their energy supply.

At a time when these organisations should, on the contrary, be increasingly responsive and creative, ready to tackle an uncertain future that is as threatening as it is promising, this energy issue is crucial.

WAGERING ON THE SELF-ORGANISATION

Do we need to strengthen the command, control and reporting mechanisms? If so, can we still mobilise the middle management who are already very busy trying to juggle performance objectives and their staff's demands?

There are strong signs that the organisation model founded on the tradition command/implementation/reporting triangle is reaching its limits. On the one hand, because it has gradually stretched the social contract tying the company to their employees and, on the other hand, because it frequently fails to give the organisation the room for manoeuvre or the power for innovation and growth it needs in volatile and uncertain markets and environments (VUCA)[3].

3. VUCA is a term invented by the U.S. Army War College in the 1990s to describe the world after the collapse of the Soviet Union: Volatility, Uncertainty, Complexity, Ambiguity

One of the main causes of the 'disengagement' of employees is the feeling that they are controlled by their work and do not have enough room to act on its content. The latest survey by the Hay Group conducted in 2015 among 7 million employees across the world (including 175,000 French people) showed that 43% of them believe they are not encouraged to take risks and try new ideas and new ways of working, even where it would improve their productivity.

So, what alternatives are there to the traditional organisational frameworks?

An organisation where each employee and each team is a source of renewable energy, supporting the organisation and its purpose. An organisation where everyone has the power to act at their own level, depending on threats and/or opportunities coming from outside, while complying with a set of common rules and values. An organisation where there is no longer any need to restrict the actions of any one person because everyone can take initiatives as long as they are consistent with the joint project. To echo the animal metaphor already used by Henri de Castries, former Axa CEO, the organisation would be more like a school of fish than a whale.

We describe this organisation as self-organisation.

It has been defined as a 'complex, open system, structured in a network of units which are themselves autonomous and cooperate constantly with one another.' Each unit has its own intrinsic performance mission and awareness of the general interest; it handles potential tensions between these two factors at unit level. Interactions between these units emerge spontaneously within an overall orderly organisation that, instead of discouraging local energies, actually boosts them[4].

We call this a self-organisation because the teams that it comprises are autonomous (accountable for their results and free to call on relevant resources to reach them) but also because its structure has the characteristics required to promote and maintain the autonomy of its employees (transparency of information, decentralisation of the decision-making processes, management based on subsidiarity, easier cooperation and so on).

The development of self-organisations therefore comes as a response to the question of agility within VUCA environments, but is also a factor in performance, as has been demonstrated in a number of research projects (see "Does autonomy guarantee performance? Academic paper review, p.14).

AND SO "HOW"?

So, while it is increasingly easy to imagine what a self-organisation looks like, especially if we consider the many testimonies from business leaders who have taken this route, one difficult question remains: "Where do we start?" and, more generally, "How do we go about it?"

Since the publication of The Future Of Management by Gary Hamel in 2007 and Freedom Inc. by Brian M. Carney and Isaac Getz in 2009, there has been renewed interest in employee empowerment and rapid growth in the number of experiments. Reports on these trial projects rarely look closely at the risks, pitfalls, doubts and failures they encountered and do not enable us to draw up a method for converting an existing traditional organisation. In addition, the organisations described in the examples share many similarities such as their small size, family shareholding or local footing. When a company has several thousand employees all over the world, demanding shareholders, a strategy to be implemented within a tight deadline, a well-established management body, vigilant social partners and an array of cross-functional projects to be completed in a cost-effective manner, it is difficult for its leader to consider taking the path toward autonomy.

This article attempts to provide some preliminary responses to this complex issue.

FIRM BELIEF AMONG THE MANAGEMENT TEAM

For a management team concerned with meeting shareholders' expectations, subject to strict compliance rules or even committed to large-scale projects to harmonise processes, taking a gamble on employee autonomy can be quite a leap of faith. A colossal risk with uncertain benefits.

We can gladly invite the iconoclastic leaders of so-called liberated companies to talk about their experience, and we end up with a vague picture of the power of the managerial models that they have introduced. However, applying them in our own organisations is another matter, because it appears to be such a big jump, with risks that are too high and issues that are too complex.

For the management team, the first step is thus to build up its own conviction. This can be done together by listing the expected benefits, getting reassurance on the staff's ability to make good use of the extra room for manoeuvre they will have and keeping control over the speed of change. The work begins with a diagnosis of the current organisation, in other words looking at the organisation-mix. This will help establish the potential for greater autonomy and the order in which to proceed with the actions making up the agenda for transformation.

Building a conviction can also mean going out into the company and realising that self-organisation already exists and, most often, results in improved performance, or that other groups are asking for the right to test ideas that they've kept to themselves for too long. This exploration of the current organisation is ultimately a way of gaining reassurance on the staff's ability to shoulder the responsibility we are looking to give them.

Another way of garnering awareness of the potential for autonomy in the organisation is looking back at its history and how it gradually became more complex. This work will demonstrate that the main organisational constraints present in the company were introduced for a reason that may no longer be valid today. The organisation is not built from load-bearing walls only!

Forging the management team's conviction also means anticipating the risks you are sure to encounter on the road to autonomy. The first of these risks is the managers' reaction because this kind of transformation automatically engenders changes to their role. You will need to anticipate to make sure that these changes are not seen as a considerable loss of prerogative or status. An autonomous company is not a leaderless company. Compared to a company that has 'regulated' all or part of its management in a cross-function management system, a self-organisation actually requires more management!

The third area of focus is defining the level of autonomy you want to give. For example, this means deciding what will form the 'structured core' of the organisation, the type and size of the autonomous units, the system of interaction and the underlying values.

4. The organisation-mix–what if companies finally started to harness the natural energy that comes with autonomy? - Jacques Jochem, in collaboration with Hervé Lefèvre and Kea & Partners–Éditions d'organisation - 2014

Finally, you need to decide on the pace and procedures for the transformation process. It cannot take place overnight and it is not a case of 'all or nothing'. It can be introduced level by level, step by step.

For the team leading this kind of reengineering program, keeping control over the calendar and the target means keeping control over the risks involved and making sure that the results achieved can be measured along the way.

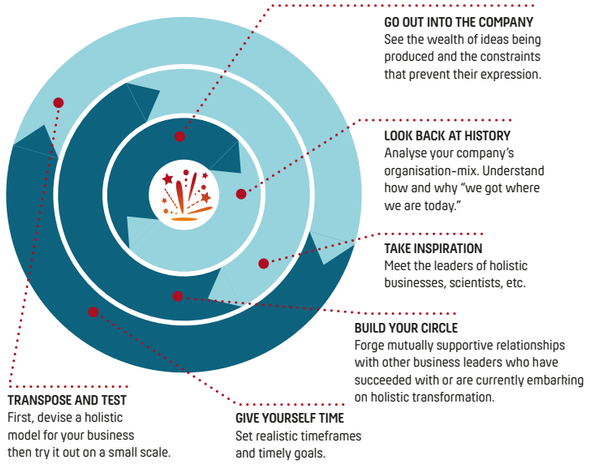


Figure 1: building up the management team's belief in the autonomy of their organisation.

WHAT THE AUTONOMY PROGRAMME ENTAILS

It is not a linear process: it does not start with a series of grand announcements before passing a set of milestones and finally going live.
It is a much subtler process, [5] that is gradually built up over a lengthy period. It is an example of sociodynamic transformation, as defined by Kea[6], structured around four invariable areas of focus:

- local, interconnected experimentations,
- the necessary structural reforms,
- managerial transformation,
- the introduction of conditions conducive to autonomy: transparency, empowerment, trust and cooperation.

Local, interconnected trials,

Autonomy cannot be decreed: it is something that each and every team has to learn, step by step, in a professional context.
The transformation program will therefore begin with a trial period, giving staff the change to learn and gradually expand their scope of responsibility and initiative. The aim is to hand over responsibility for their performance to the team over a given period, providing them with the resources required to reach their goals. The manager steers them down the road to autonomy, indicating the set of rules that the team must abide by and supporting them through the gradual learning process.

Teams rarely make good use of their autonomy immediately and spontaneously. They often start by expressing their feelings or frustrations with the company. It is only after a while (eight to ten weeks) that a dialogue and trust can be established, enabling co-construction, a move to action and, finally, real group empowerment with regard to the results achieved.

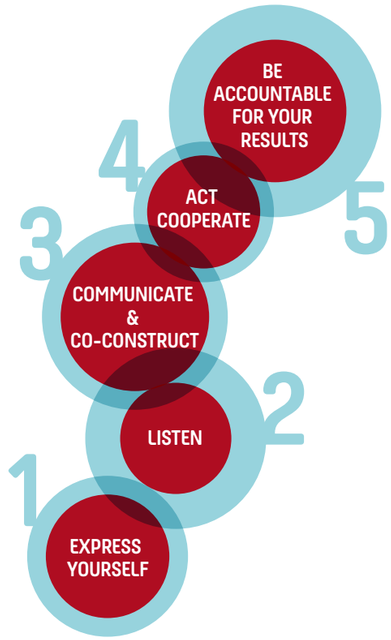


Figure 2: learning autonomy in the company.

To carry out these trials, it may be useful to start with the 'pockets of autonomy' already identified in the organisation. These are the teams whose managers have successfully developed their own room for manoeuvre, thanks to their personal talent or character. Starting with teams that are already mature in this respect means that the first results can be secured and the involvement of the critical mass of employees can be speeded up.

The trials should also help weave a strong sharing network. Autonomy is not synonymous with independence. We are not building a string of separate islands, but a coherent network of units that 'deliver as one' and are therefore able to cooperate. An organisation gains in autonomy as its teams grow and as cooperative relations are strengthened. This means that each autonomous unit will strive to connect to others, sharing the same common bases. The catalysts

5. See. "Penser la transformation entre la Chine et l'Europe" – François Jullien – Kea & Partners La Revue #12
6. See Kea & Partners La Revue #12 and #14

are most often found in the organisation's history, its values, its founding myths and in the corporate project and the vision expressed by its leader.

The facilitators leading the transformation process are responsible for spotlighting this shared heritage and using it to encourage unity of action, in other words, a shared awareness that the collective interest takes precedent over the individual interest of each team.

The necessary structural reforms

As the network of trials expands, the teams will submit a number of requests to the management. Some of these will concern structural reforms deemed necessary by the teams to help them continue along the road to autonomy, performance and capacity for cooperation. This was the case for the car manufacturer that reduced the surface area of its factories by 25% on the initiative of staff in the field. In another industrial company, staff recommended reducing the reporting workload by 55%.

The organisational framework that they relied on until then becomes increasingly restrictive: the decision-making circuits feel longer and longer, aid from the support functions feels increasingly like an intrusion, reporting requests are progressively interpreted as a sign of mistrust, and so it goes on. From then on, the transformation program needs to include a set of actions that will 'unshackle' the organisation and gradually make the framework more conducive to autonomy.

These projects will, for example, cover the role and scope of action of the support functions, who will have to adapt to become catalysts themselves, even though they may consider that their prerogatives and their expertise are being challenged (see our article on this issue on p. 28). Generally speaking, these structural actions need to seek out all the sticking points and bottlenecks that impede entrepreneurial energy. It may be a case of never-ending procedures, a lack of clarity in the various areas of responsibility, too much control over commitments, or a recruitment process that does not promote diversity.

These sticking points can be categorized as follows to make it easier to detect and remove them:

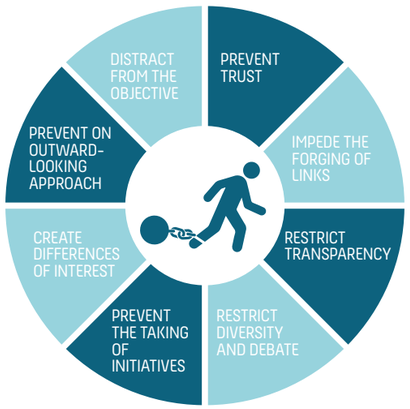


Figure 3: identifying the stiching points that hold bach exploitation of autonomous energy.

Managerial transformation

The managers' role will inevitably change. For managers who were used to being an interface as decisions and information were passed down from the executive management, seeing their staff gain in autonomy can instil a sense of loss. In this case, a new managerial reference system has to be implemented.

We have already set out the role of leaders in a context of transformation[7]. The main difference between a manager in an autonomous organisation and one in a more conventional set-up lies in their role in making decisions and taking initiatives. Where a 'traditional' manager is the main stakeholder in the decision and its implementation, the manager of an autonomous team serves as a catalyst for the decision, encouraging a consensus. The manager continually works to increase his staff's autonomy, without interfering directly in their action – or at least waiting until he's asked. He provides the method, asks questions and suggests solutions, highlighting initiatives and successes and promoting talents.

To foster initiative and shorten the decision-making circuits, a retail chain once decided to set up a two-tier decision system. Any employee could suggest an action to their line manager, as long as they could justify it. The action would then require validation by no more than two levels of management before a decision could be made.

In cases like this, the manager is not some kind of superhero but more akin to a gardener who creates the right conditions for growth and knows that "You won't help the new plants grow by pulling them up higher". This kind of manager accepts that it is his job to influence and manipulate the direction taken by his staff, as long as it is in the interests of the staff and the general interest.

He only needs to exert his direct authority to have the rules of autonomy applied, especially when it comes to transparency and responsibility. He has to organise and handle minor conflicts within the team and remain uncompromising on the respect of the shared values. He can retain a number of prerogatives deemed unsuitable for sharing, such as recruitment to key positions or the setting of targets.

Finally, the manager of an autonomous organisation plays a key role in forging cooperative relations between teams and their ecosystem. This may even take up the largest share of his time. He will prefer to guide one employee towards another, rather than intervening directly in the process and providing the answer himself. As he forges links in this way, he instils confidence: employees' self-confidence and their confidence in others – both prerequisites to cooperation.

The autonomous organisation also requires a lot of energy. At times, it can even appear disjointed and wasteful in terms of initiatives, debates and proceedings. All of this can be difficult to accept for managers who are used to controlling everything and anticipating to keep things running smoothly. Accepting the unexpected, knowing how to take decisions forward and only arbitrating when necessary are all different but important aspects of the management role.

7. See Kea & Partners La Revue #16 – leadership and structures

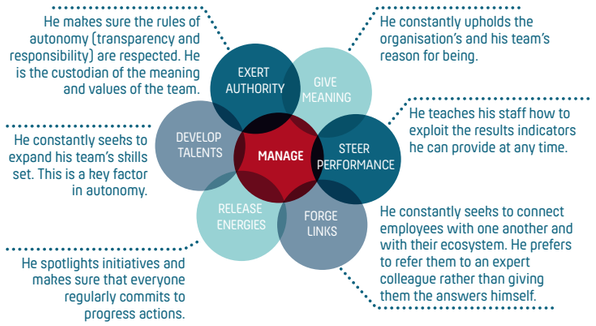


Figure 4: the fundamental roles of the manager in a self-organisation.

Creating the right conditions: transparency, empowerment, trust and cooperation

Autonomy in an organisation means constantly but carefully balancing local interests, which drive entrepreneurial initiatives, agility and innovation, against the common good, which federates, ensures overall consistency and facilitates cooperation.

The dialectic between these two sources of energy is determined in each autonomous cell in the network and at each level of management. But if it is to be achieved, the management team has to create conditions conducive to that dialectic, to prevent the organisation from reverting to a system of *command & control* or drifting towards disunity.

Hence, they first have to create confidence in the transformation process and in the role that the institution plays in it. The principles of a fair process must be adhered to, particularly transparency on purpose, objectives, the methods applied to achieve autonomy and the sovereign rules it involves. It is also the institution's role to explain the procedure, give the reasons for the directions taken, offer everyone opportunities and itself serve as an example of autonomous operation. For example, when we allow room for error, we also have to show our recognition of the initiatives taken and of any failures that occur.

Management also retains an overriding sovereign role, especially concerning compliance with the organisation model, which it leads and promotes, but also – when necessary – to sanction individualistic behaviour or a breach of the rules on transparency and empowerment.

Another key condition is providing the resources and tools needed for cooperation. In multinational or multi-site companies, geographic distances can definitely put the brakes on cooperation. The latest social technologies can help overcome this if we successfully introduce them as a common set of tools rather than a means of sharing information. This often means more than just investing in digital tools, instead giving communities the chance to meet to forge interpersonal relationships which may then be maintained over the company's social network, despite distances.

Generally speaking, it is the management's role to regularly stoke the two sources of energy that fuel autonomy: the sense of belonging and the openness to what is going on outside the company. This is why the transformation program has to be very regularly punctuated with two types of initiative[8]:

> **cohesion initiatives** that foster unity of action and encourage everyone to contribute to the joint effort (a shared vision, respect of traditions, historical references, collective events, promoting shared values, etc.);

> **initiatives focused on results and an outward-looking approach** to foster a competitive spirit, raise awareness of what is going on elsewhere (threats and opportunities), inspire risk-taking and innovation (results-based management, variable remuneration, individual recognition, 'learning expeditions', etc.).

8. See Kea & Partners La Revue #12

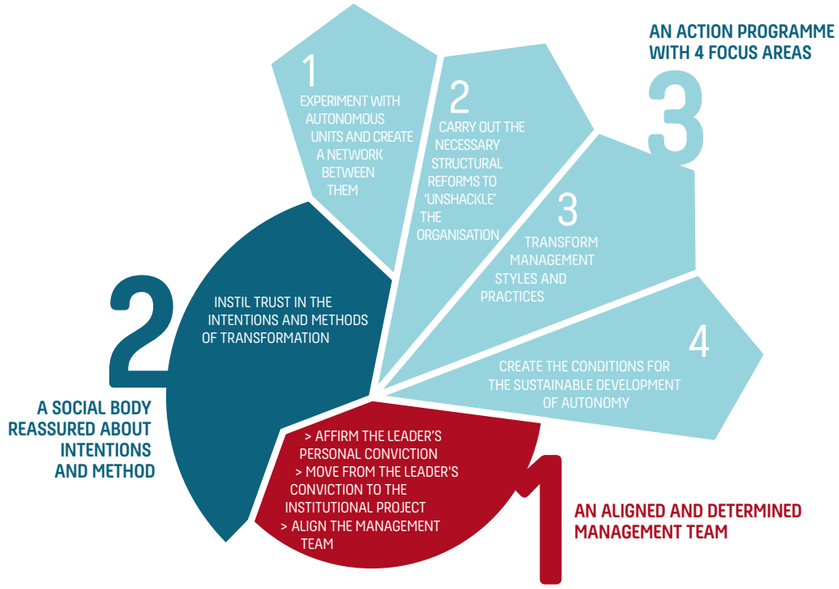


Figure 5: the four pillars of the autonomy transformation.

Increasing autonomy in a company is not therefore about 'liberation'. It is a long and complex process of transformation which cannot rely on ready-made solutions. Tony Shieh, CEO of Zappos, an online shoe retailer and Amazon subsidiary, understood this when, after several months of experimentation with the holacracy approach, he informed his staff of his decision to move away from the recommended method to develop a company-specific approach to autonomy inspired, among other things, by the precepts of Frédéric Laloux (Reinventing Organisations).

Everything depends on the level of autonomy at the outset, how big a change the management team is prepared to make, and the pace at which change can be rolled out in the organisation. That pace is in turn reliant on a number of interdependent factors, such as the extent of the skills transfers required at local level, the strength of cooperative relationships, and the stability of the key management positions.

Again, the transformation does not mean getting rid of the managers. On the contrary, this kind of transformation requires resilience, sincerity and steadfastness from the organisation's leaders.

The managers' commitment over the long term and their attentiveness to changes in their staff's behaviour will be key to the success on the road to autonomy. By offering encouragements, making corrections or even applying sanctions where necessary, the managers must remain in control throughout the transformation of their organisation.

Does autonomy **guarantee performance?**

Academic paper review

by Benoît Damas from Kea & Partners

This review shows that autonomy is positively linked to performance, even if that connection remains limited. To reach this conclusion, we have studied a number of works:

> F. W. Taylor, The Principles of Scientific Management (1911)
> A. Maslow,"A Theory of Human Motivation" (1943)
> F. Herzberg, B. Mausner. B. B. Snyderman, The Motivation to Work (1959)
> M. Crozier, Le phénomène bureaucratique (1964)
> J. R. Hackman, G. R. Oldham, "Motivation through the Design of Work: Test of a Theory" (1976)
> S. A. Mohrman, "Employee Participation Programs: Implications for Productivity Improvement" (1982)
> P. P Baard, R. M. Ryan, Intrinsic Motivation and Self-Determination in Human Behavior (1985)
> P. E. Spector, "Perceived Control by Employees: a Meta-Analysis of Studies Concerning Autonomy and Participation at Work" (1986)
> G. E. Jr. Ledford, E. E. Lawler, S. A. Mohrman, "Reward Innovation in Fortune 1000 Companies" (1995)
> G. R. Oldham and A. Cummings, "Employee Creativity: Personal and contextual factors at work" (1996)
> K. Chatzis, « De l'autonomie par l'indépendance à l'autonomie dans l'interaction », in K. Chatzis, C. Mounier, P. Veltz. and Ph. Zarifian, L'autonomie dans les organisations (1999)
> C. M. Axtell, D. J. Holman, K. L. Unsworth, T. D. Wall, P. E. Waterson and E. Harrington, "Shopfloor innovation: Facilitating the suggestion and implementation of ideas" (2000)
> P. P Baard, E. L. Deci, R. M. Ryan, "Intrinsic Need Satisfaction: A Motivational Basis of Performance and Well-Being in Two Works Settings" (2004)
> C. W. Langfred, N. A. Moye, « Effects of Tash Autonomy on Performance: An Extended Model Considering Motivational, Informational, and Structural Mechanisms » (2004)
> Quebec Ministry of Employment, « Changements organisationnels pour améliorer la productivité et l'emploi » (2005)
> F. P. Morgeson, M. D Johnson, M. A. Campion, G. J. Medsher, T. V. Mumford, "Understanding Reactions to Job Design: a Quasi-Experimental Investigation of the Moderating Effects of Organizational Context on Perceptions of Performance Behavior" (2006)
> S. E. Humphrey, J. D. Nahrgang and F. P. Morgeson, "Integrating motivational, social and contextual work design features: A meta-analytic summary and theoretical extension of the work design literature" (2007)
> S. K. Parker, "Designing Motivating Jobs" (2008)
> I. Getz, "Liberating Leadership: How the Initiative-Freeing Radical Organizational Form Has Been Successfully Adopted" (2009)
> R. Baron., "Job Design and Entrepreneurship: Why Closer Connections = Mutual Gains" (2010)
> Conseil d'Analyse Stratégique,« Participation des salariés et performance sociale :de nouveaux enjeux pour les entreprises françaises dans un contexte de sortie de crise » (2011)

According to the definition set out by Konstantinos Chatzis[9] in 1999, autonomy refers to *"a subject's (individual or collective) capacity to **freely determine the rules for action** to which it will adhere and apply within its scope of action, the **specific way in which it conducts its business**, with no external force (the formal organisation in this case) enforcing its own standards"*. Autonomy concerns the way things are done whereas performance focuses on the outcomes. Being efficient means maximising the expected results with regard to the resources used. For an individual, performance involves three parameters: **motivation**, **competence** and **organisation**.

After several decades of ever greater control over employees' work, autonomy was revived in the 1970s. It is now part of the scriptures read by managers in every realm; **90% of Fortune 1000 companies** have applied approaches to **step up autonomy** among their employees (Lawler, Mohrman & Ledford, 1995).

Academic research has followed and even strengthened this trend by spotlighting the mechanisms and impacts on performance, as our review shows.

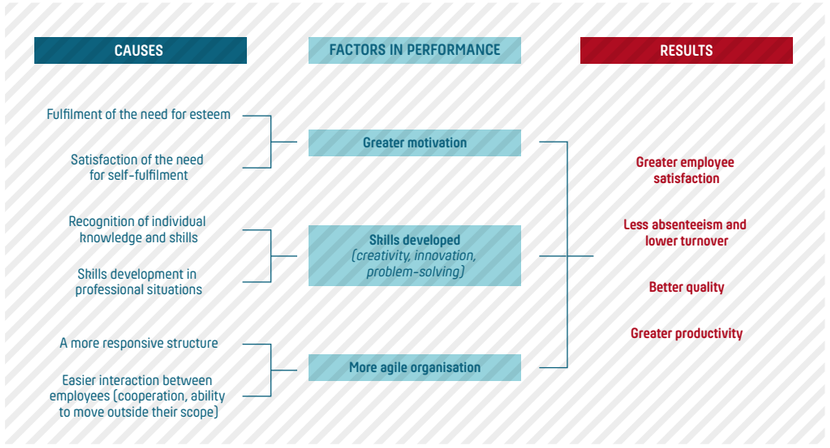
Motivation was the first link to performance explored by the academic world. Motivation refers to the **forces** that push an individual to **work towards a given goal**. A motivated person is a **committed** person, who makes **more effort**; that person will therefore be more likely to reach their goal. Among the best-known authors who have worked on motivation, we can mention **Abraham Harold Maslow and Frederick Herzberg**. The former spoke of the **hierarchy of needs** (1943) while the latter put forward the **two-factor theory** (1959). Both of them endeavoured to define the needs that affect an individual's motivation. They respectively defined primary needs that have to be satisfied, distinct from higher-level needs, and relate to **peer recognition** and **self-fulfilment**. Exploring these needs opened the way for new forms of employment, placing greater emphasis on autonomy and far removed from the task-based jobs that merely provided financial security.

Carrying on from these studies, **Hackman and Oldham** laid the foundations for the **job design theory**, with their seminal 1976 paper. With an ear to emerging discussions on performance and the quality of life at work, the two authors developed a theory on **job characteristics, psychological states and results**. When an employee feels positive about the activity they perform, they feel satisfied in their job and, as such, are more motivated and more productive.

Hackman and Oldham listed five job characteristics: skill variety, task identity (scope of the task to be completed), task significance (impact of the task on other people), autonomy and feedback. These characteristics affect three psychological states: meaningfulness of the work, responsibility and knowledge of outcomes. When these psychological states are positive, the employee feels **strong intrinsic motivation**, which engenders **greater satisfaction and performance at work**.

9. Konstantinos Chatzis, researcher, member of the IFRIS (Institut Francilien Recherche Innovation Société)

RELATIONSHIPS BETWEEN AUTONOMY AND PERFORMANCE



In this theory, autonomy is therefore one element among several others, and cannot be treated in isolation. The model clearly indicates that motivation is a major component connecting autonomy and performance. Based on studies they carried out, Hackman and Oldham demonstrated that there is a positive link between autonomy and performance, with a **correlation coefficient of 0.19**. For the record, a correlation coefficient indicates the extent to which two variables are dependent on one another. It ranges from -1 to 1: -1 indicates an entirely negative correlation, while 1 is entirely positive, and 0 means there is no correlation at all.

A correlation coefficient of 0.20 confirms that there is a positive relationship between autonomy and performance, even if it is not particularly strong.

Other authors have explored this correlation, for example Deci and Ryan (1985) with the concept of **intrinsic motivation** which covers the notion of an action carried out purely out of interest and enjoyment, and not to attain an external goal. For these authors, individuals have three sorts of psychological requirement underpinning intrinsic motivation: **competence**, **relatedness** and **autonomy**. They demonstrated that there was a positive correlation (0.20) between satisfying the need for autonomy and performance (Baard, Deci and Ryan, 2004).

Autonomy also plays a role in employee performance when it comes to competence. Langfred and Moye (2004) claim that when employees have greater power to act, they are encouraged to make greater use of their **knowledge and abilities**. This greater use of individual resources is highly conducive to **creativity** (Oldham and Cummings, 1996) and to **innovation** (Axtell et al., 2000).

Finally, it plays **a positive role on the organisation**, which is the third factor in performance. An individual will perform better when their working environment offers all the conditions for success. As such, autonomy has dual benefits for an organisation. Firstly, it works in favour of a more responsive structure, able to adapt in every situation, by giving employees the chance to solve **local issues** directly. This means local management can spend **less time on supervisory activities** and more time on high added-value tasks. Secondly, it facilitates **interaction between employees** by encouraging **more proactive attitudes**. Employees are therefore more likely to take the initiative, look beyond their scope and adopt a cooperative approach with their peers (Parker, 2008).

Even to a moderate extent, autonomy thus fosters employee performance, as demonstrated in the consensus expressed in the academic papers. In 1986, Spector took a basis of 18 studies involving more than 6,000 people in all and established a **positive correlation of 0.20**. Going beyond performance, the author describes the positive role of autonomy on employees' overall satisfaction, their level of motivation and commitment, and on absenteeism, turnover and the prevalence of conflicts. It was thus demonstrated that **horizontal autonomy**, seen as the possibility of reaching objectives by any chosen method, helps **reduce absenteeism by 51%** (CAS, 2011).

Although attributed with many virtues, it should still be **used with care**. Greater autonomy can create an impression of **greater stress** among staff. **Not everyone aspires to the same level of autonomy**. Hackman and Oldham (1976) stated that the need for personal growth is a moderating factor between autonomy and performance: the higher an individual's needs for self-fulfilment, the more autonomy will drive performance. Other obstacles can be found on the road to autonomy: employees may end up making **poor decisions**, **neglecting their work** or **suffering from peer pressure** within their autonomous teams (Morgeson, 2006).

It does not therefore provide the answer to everything but it is a much more appropriate solution in a climate of **uncertainty** where assignments are poorly defined. And where it has been introduced, it is important to follow through on all the consequences by adapting **financial incentive schemes**, helping individuals upgrade their skills through **training** and guaranteeing **support from managers** (Mohrman, 1982). In this respect, Baard, Deci and Ryan (2004) emphasise the fact that the staff's perception of the support received from their managers when taking initiatives goes hand-in-hand with a high degree of autonomy.

There is still a high volume of academic output on this subject and lively debate on **job design** today. Autonomy is thus part of a far-reaching approach to work, looking not only at the way that tasks are completed and knowledge mobilised, but also at the **relationships between employees** and the **context** in which they do their job (Morgeson and Humphrey, 2007). Another fruitful approach **links well-being at work** to employee performance, which encompasses autonomy.

Finally, academics also look closely at the way in which **entrepreneurs**, who are naturally independent, are renewing working practices (Baron, 2010).

The HERVÉ GROUP: the democratic company

Interview with Michel Hervé, CEO of the Hervé Group

by Hervé Lefèvre and François Zoetelief Tromp, from Kea & Partners

MICHEL HERVÉ

As founder of the eponymous company specialised in energy and thermal engineering, mayor of the town of Parthenay for two decades, parliamentary representative for Deux-Sèvres from 1986 to 1988, MEP from 1989 to 1994, associate professor at Paris VIII University, national chairman of the French business creation agency (Agence pour la création d'entreprises or APCE), founder of IDPC (capital risk financial institute) and author of several reference works, Michel Hervé has vast and varied experience. Driven by some firm convictions, over his career he has conceptualised and experimented with a form of genuine 'participatory corporate democracy'. For almost half a century, he has proved that this kind of model can work on a large scale, in a multi-site, multi-activity business. Far removed from the conventional model, there is great emphasis on personal initiative, experience sharing, a sense of solidarity and constant renewal of organisational arrangements, each employee working to contribute to the common good.

We went to meet this business leader quite unlike any other.

HOW DID YOU FORGE YOUR INITIAL CONVICTIONS ON THE RELATIONSHIP WITH POWER AND OBEDIENCE?

MH: I'm from that post-war generation undoubtedly deeply affected by the horrific images of the liberation of the camps, shown in the newsreels in local cinemas. Ten years later, I read Hannah Arendt's work on the Eichmann trial in Jerusalem in 1961, which confronted me with the grim reality: he was a father who said he had no choice but to follow orders. Insofar as blind, absolute obedience can lead to that kind of aberration, I promised myself that I would never obey in the strictest sense of the term. I wanted to be free – free to be an artist, philosopher, scientist or businessman.
In other words, I want just one power – to create. In my view, it was the only way of overcoming constraints, especially those set by a pyramid or hierarchical system. And that explains my desire to create a business where the watchword would be empowerment through autonomy and cooperation, rather than blind obedience to a leader. In 1972, I got the chance to put those ideas into practice. As I was gearing up to launch my own business, I found myself forced to take over the firm my father had run until then. And that's where the story began...

SO TELL US ABOUT YOUR ENTREPRENEURIAL VENTURE

MH: When I took over my father's business, it employed around 150 people so it was already quite large. I immediately applied the principle of subsidiarity, whereby responsibility for an action must be assigned to the smallest entity able to solve the problem itself.

> *The responsibility for an action must be assigned to the smallest entity able to solve the problem itself*

Guided by that principle, I only got involved when my employees asked me to. I never went to them, I waited for them to come to me. Taking a Rousseauist kind of approach, I thought they had to learn from their mistakes. They were genuinely surprised by the idea of learning from trial and error – a completely new form of management at that time and still too rarely applied today. It meant a major change to their usual habits. But after a period of adjustment, they soon adopted the system. Why? Because they realised that they

> *The main factor counterbalancing 'freedom' and autonomy is obviously responsibility*

weren't systematically sanctioned if they made a mistake. Gradually, they managed to combine autonomy and efficiency. They called on me less and less frequently – I started to get fed up in my office! I ended working part-time.

HOW DID THIS PRINCIPLE OF SUBSIDIARITY ACTUALLY WORK?

MH: In the 1970-80s, it was really quite an unusual form of organisation. At that time, the head of a company was seen as the absolute, all-knowing leader. He was always right. I had the opposite view – decisions should be taken by the group, because when we think things over together, we multiply the scope of application. That's the strength that comes from a team! I thus made sure that my first-line managers – there were around half a dozen of them at the time – acted like real entrepreneurs within the company. They were fully autonomous in terms of resources and goals and were afforded the latitude required to decide and act in any situation – the key condition being to respect the financial objectives freely defined at the start of the year. I systematically accepted the figures they put forward, and it was down to them to reach them or exceed them. In the end, they did their utmost to stay on target. They only came to see me if they went seriously off course during the year. I then moved to apply this way of working at every level in the company. And this is where the notion of subsidiarity is really valuable: the line manager only gets involved once the employee or team has exhausted all the solutions at their level.

WHAT HAPPENED TO PEOPLE WHO WERE UNABLE TO ADAPT?

MH: The main factor counterbalancing 'freedom' and autonomy is obviously responsibility! Some of the company's employees did not survive their 'Copernican revolution'! In most cases, they were people who overestimated themselves, constantly denying their mistakes, remaining cryptic or even cheating. I also observed that the more servile they were towards me, the more dictatorial they were with their own staff. Generally speaking, an extremely subservient manner has always set me ill at ease. So I had to let those people go. On the other hand, I have never sanctioned anyone when objectives were not reached for justifiable, clearly established reasons. I was also quick to introduce a dual system, with self-assessment on the one hand, and managers evaluated by their teams on the other. This highlighted differences in the way my managers saw themselves and the way that they were perceived by their peers and staff. The results were sometimes very revealing!

HOW HAS YOUR GROUP'S ORGANISATION EVOLVED SINCE THOSE EARLY YEARS?

MH: As I said earlier, I found myself with little to do after a few years! In late 1978, it was suggested I replace the mayor who had just died, to be elected as councillor and become mayor of Parthenay, the small town in western France where I was born and still lived – and I accepted. As I embarked on this public service venture, I spent less time in my company. Given my new functions, my staff were less and less inclined to disturb me and so become more autonomous still. My role thus switched from that of a leader to that of a catalyst, managing the group of in-company entrepreneurs with a constant concern for the common good. The groundwork had been done so the transition was relatively seamless.

As the group grew, it developed a fractal structure with the core unit comprising an autonomous team of 15–20 people. In my view, that was just the right size allowing everyone to have a say and to get to know one another in a fraternal spirit. Any bigger and real discussion becomes rarer and there is a real loss down the line. These units were located in the various territories and divisions and operated as small businesses, setting their own objectives. The Hervé Group counts 180 such units today, with an overall headcount of 2,800. The units are run by an activities manager who acts as a group facilitator and spokesperson, referring to the next level up, namely the area managers who in turn reports to the divisions. At every level, the managers' job is to make sure these business units cooperate. They have to encourage the individual nature of each organisational unit while helping them find what contributes to our common strength.

YOU JUST MENTIONED THE NOTION OF IN-COMPANY ENTREPRENEURS. CAN YOU EXPLAIN THAT?

MH: It's a key concept in my view. A company has to be able to rely on employees who are able to act like real entrepreneurs: capitalising on the future, setting their own goals, assessing themselves, learning lessons from their failures if they want to move forward, knowing how to work in a group, and so on. I call them in-company entrepreneurs because, beyond their personal responsibility, they are jointly responsible for the team where decisions are made by consensus.

> *A company has to be able to rely on employees who are able to act like real entrepreneurs*

They need three main qualities: curiosity – or the ability to experiment with things themselves –, empathy – vital in remaining attentive to others – and a culture of agility so they can constantly adapt in a changing environment. In other words, they are 'tricolour collar' workers: blue-collar because they have physical energy,

white-collar because they need to call on their rational intelligence to analyse, and red because of their emotional intelligence. The ultimate goal is for positive contamination to turn every employee into an in-company entrepreneur, capable of resourcefulness in any situation. Yet being an in-company entrepreneur requires access to information and expertise if you are to make decisions by yourself. This is why we have introduced cutting-edge information systems and provide a lot of training. Last but not least, all our staff are in direct or indirect contact with customers, which boosts their adaptability. As such, they are natural catalysts for innovation, something that cannot be the exclusive preserve of a handful of specialists.

WHAT ARE THE BENEFITS OF THIS UNUSUAL SET-UP FOR YOUR COMPANY?

MH: The collective intelligence produced by this network organisation allows for bottom-up decision-making and makes it easier to adapt in a constantly changing environment. We experience a kind of ongoing synthesis. The outcome is not a 'liberated' company – to use the fashionable term – but a 'concerted' company, made up of people who have been liberated. which is totally different ! Here we are back to the idea of a fraternity. Of course, this way of working is not for everyone, but I've noticed that my group's employees no longer want to jump ship once they've had a taste of things here.

> *A 'concerted' company made up of people who have been liberated*

DO THE DECENTRALISED ORGANISATION AND ALMOST UNIVERSAL NOTION OF IN-COMPANY ENTREPRENEURING HAVE ANY NEGATIVE IMPACTS ON THE OVERALL COHESION OF YOUR GROUP?

MH: Objectively, that is a danger... the existence of these mini-companies can clearly reduce the feeling of belonging to a group. Because staff are focused on their own objectives and concentrated on their tasks, they may well forget about the overall aspect of their action. Overall cohesion comes from the notion of common good, which is upheld daily in the necessary practice of cooperation which is vital to the company's survival and applied by every employee at their respective level. We also have a company philosophy that makes sure people understand our management model. There is a huge in-company training drive which helps offset the silo mentality. In addition, the digital revolution has been a game-changer, because now everyone has access to their own information streams, further encouraging their autonomy and making them aware of the overall objectives. For example, there are intranet forums where people can find information or ask for expert advice, and a kind of company Wikipedia to which everyone can contribute, after validation by the moderators.

SO WHAT EXACTLY IS THE ROLE OF DIGITAL TECHNOLOGY IN YOUR MODEL?

MH: It is fundamental as it is an impartial contributor to corporate democracy, giving everyone access to knowledge. It challenges the authority that previously came with knowledge, because it makes sharing a requirement. And for me, that is a good thing... because in the future, people who do not share information – and hence power – will lose it. The collective intelligence will always be superior to the intelligence of one individual, especially in an increasingly unpredictable environment. Within a group, all our staff are equipped with laptop computers and/or easy access to a workstation. The working data is centralised in real time, so

A new era: leaving behind the culture of leader
> Michel Hervé:
Éditions François Bourin /*2015*

Power beyond power: the democracy requirement in every organisation
Thibaud Brière, Michel Hervé
Éditions François Bourin /*2012*

From pyramids to networks: experiences in participatory democracy
Michel Hervé, Alain d'Iribarne, Elisabeth Bourguinat
Éditions Autrement /*2007*

that the group can remain responsive and, using the data collected, provide customers with the necessary expertise very rapidly. In other words, a 'concerted' organisation combined with Web 2.0 provides optimal agility when it comes to company growth in our systemic world.

IN SHORT, WHAT IS YOUR VISION OF ENTREPRENEURING?

MH: Although it has evolved over the last couple of decades, our French entrepreneurial system still operates according to an authoritarian model: on one side, you have the dominant, all-knowing and all-powerful, and on the other side, the dominated, with no responsibility and no information. To take a schematic view, it offers a very binary choice: the all-powerful or a total lack of responsibility. In a case like that, the entrepreneur is the boss. In my philosophy, he is the conductor. And that makes all the difference! Regardless of their level, the entrepreneur's role is to help their orchestra achieve harmony, getting everyone to play together, to the same tune, composed together and understood by all. He is there to serve the group and not the other way round. His authority will be naturally boosted by the recognition of his peers. Another key concept: the entrepreneur is a creator, continually capitalising on the future, perpetually seeking out new products, new customers and new processes. If he loses sight of that, he will get lost. Personally, I think I have operated in 'laboratory mode' since I started out.

WITH FORTY YEARS' EXPERIENCE IN PARTICIPATORY DEMOCRACY, WHAT LESSONS WOULD YOU LIKE TO SHARE WITH BUSINESS LEADERS?

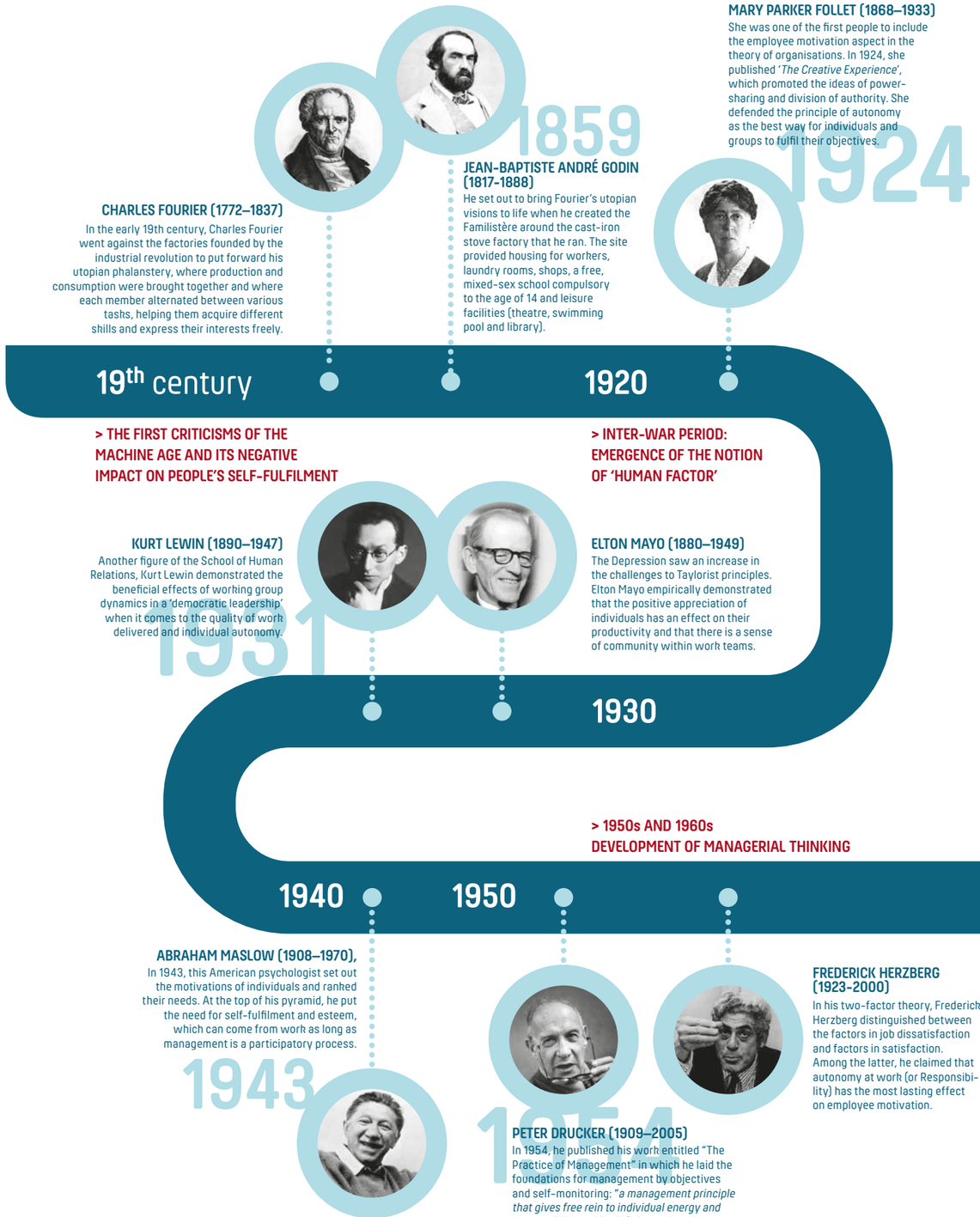
MH: They need to offer employees a form of organisation where the capital is not crippling but is instead there to serve the group and the common good. In the short term, this is certainly less profitable but it is eventually much more sustainable. The overriding goal of any business should be to combine personal gain and growth of the whole. And the cornerstone of this kind of transformation is the introduction of participatory democracy at the very heart of the company. One other crucial factor: reinstating a margin for error, risk-taking and learning through trial and error, as these are all vital ingredients in any creative approach. To quote Einstein: "anyone who has never made a mistake has never tried anything new". In the end, it all begins with people and comes back to people.

Self-organisation: the main milestones in a 200-year-long history

Developing autonomy in organisations is not a new idea. Its origins go back to the 19th century and the first criticisms of the effects of the industrial revolution, and it has grown over the 200-year-long history of contemporary organisations.

Ideas on autonomy are currently enjoying a revival and are often presented as groundbreaking. In actual fact, they are the outcome of a long series of writings, research and experiments that feed into one another.

To understand the full extent and significance of this, it is worth looking at this heritage, its main protagonists and their contributions.



by Clément Gagey from Kea & Partners

In the 1970s, following on from the ideas about enhanced tasks, some companies, and automotive manufacturers in particular (Renault, Volvo, Saab, etc.) experimented with the **set-up of autonomous or semi-autonomous teams** where groups of employees were given responsibility for the production of complete products. These experiments had difficulty convincing people and were gradually abandoned after failing to prove their worth.

1970

> 1970s and 1980s: A TIME FOR TRIALS

JEAN-CHRISTIAN FAUVET (1927-2010)

In the 1970s, Jean-Christian Fauvet founded Sociodynamics, the management discipline that places people at the heart of performance. He developed the idea of a holomorphic organisation made up of autonomous units all working in concert with the whole group.

ROBERT KOSKI (1929-2008)

In 1970, Robert Koshi founded Sun Hydraulics with John Allen. Operating without hierarchical ranks and according to employees' decisions, the hydraulic valve manufacturer enjoys outstanding economic performance and a high degree of employee satisfaction. It has been covered in a case study by Harvard University.

1980

1960

DOUGLAS McGREGOR (1906-1964)

In 1960, Douglas McGregor set out his X and Y theories in "*The Human Side Of Enterprise*". McGregor observed that Y companies started out from the premise that it is better to let workers organise themselves, create a virtuous circle of confidence, employee participation, empowerment and reduced stress.

1962

TAIICHI ÔNO (1912-1990)

While the Americans were working on their theories, the Japanese industrial engineer Taiichi Ôno was developing the Toyota Production System, which placed the workers at the heart of the company. They helped diagnose problems and put forward solutions. Continuous improvement involved all stakeholders, from the operator to the engineer.

1960

ALFRED P. SLOAN (1875-1966)

Director of General Motors from 1923 to 1956, Alfred P. Sloan introduced decentralisation, splitting the car manufacturer into autonomous business units. According to Sloan, a company's general management should only take care of general policy and leave the business units to take initiatives, the results of which are monitored through a reinforced management system.

1990

PETER SENGE

In 1990, Peter Senge and Chris Argyris published "*The Fifth Discipline*" in which they laid the foundations for the learning organisation concept. Their approach was to consider the company as a living, multicellular organism within which every member can learn from the others. According to Senge, this type of cross-cutting communication fosters the emergence of innovation, collective intelligence and permanent adaptation to the environment.

2000

1995

RICARDO SEMLER

Successful businessman and head of the SEMCO family firm, Ricardo Semler has published a number of very influential works (including Maverick in 1995) describing the iconoclastic organisation that he has shaped: no hierarchy, no growth objective, a rotating presidency, transparency and self-regulation to set each person's salary, etc.

BRIAN ROBERTSON

In 2001, **Brian Robertson began experimenting with more agile governance systems at his company, Ternary Software. His action was praised by the Wall Street Journal in 2007 and Robertson promoted his model under the name of Holacracy®,** publishing the Holacracy Constitution in 2010. This work described a horizontal management system where authority and decision-making is in the hands of the employees and the self-managed teams.

> 2000s AND 2010s: THE EMERGENCE OF A NEW MANAGERIAL PARADIGM

GARY HAMEL

In 2007, the professor and successful author Gary Hamel published '*The Future Of Management*' then, in 2011, wrote an article entitled '*First, Let's Fire All Managers*' in the Harvard Business Review. His writings promote management models founded on trust and a network of autonomous units.

2007

2005

TOM PETERS

In the 1980s, **Tom Peters described the concept of autonomy in organisations in his books *'In Search of Excellence'* (1982) and *'Liberation Management'* (1992)**. He set out the eight attributes of the best companies, including autonomy, a simple, streamlined structure and a focus on action.

> 1980s AND 1990s: DEEPER THINKING INTO ALTERNATIVE ORGANISATION MODELS

2009

ISAAC GETZ

In 2009, **Isaac Getz and Brian M. Carney published *Freedom Inc.*** in which they studied an array of organisations operating on alternative principles. They also introduced the concept of 'liberated company'.

2010

VINEET NAYAR

In 2010, Vineet Nayar, president of Indian tech firm HCL technologies, published *'Employees First, Customer Second'*. He described the process of transformation he initiated at HCL to reverse the traditional management hierarchy and put employees in charge of the company's priorities.

2015

2014

FRÉDÉRIC LALOUX

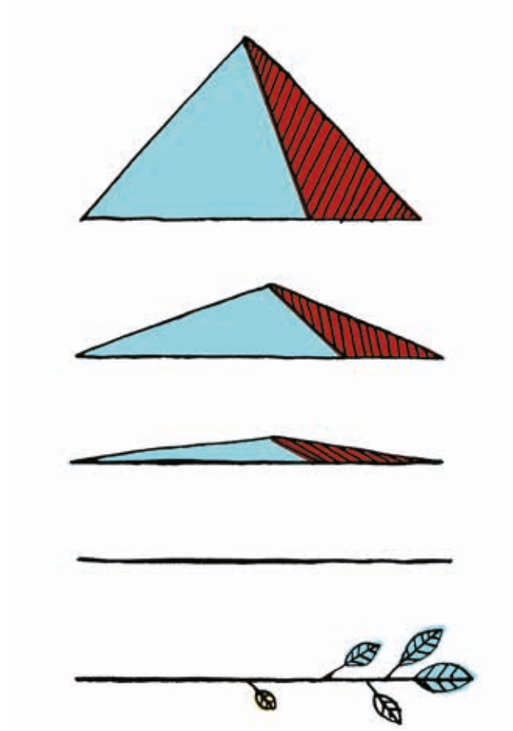
In 2014, the organisation consultant **Frédéric Laloux published *'Reinventing Organizations'*.** He reviewed the theories on stages of consciousness to explain the emergence of so-called Teal organisations, where hierarchies are done away with and replaced by employee empowerment and joint decision-making.

Not a day goes by without a new viewpoint on the company of the future being published. We need to 'flatten out the pyramids', shorten the decision-making paths, decompartmentalise structures and make them more horizontal, create cooperative networks, trust our staff by giving them the power to decide, encourage benevolence but also risk-taking and entrepreneuring… We need to – well, why not? – bring an end to salaried employment and invent short-term organisations that part of the sharing economy, volatile, symbiotic, democratic, digital of course, and able to adapt in real time to demands and markets.

None of these are new ideas but they are being revived with the rise of digital technologies, the wealth of studies into the ambitions of the younger generation and, above all, media coverage of the growing number of trials by small and medium-sized businesses breaking away – to varying degrees of success – from the conventional management precepts.

Change of course for the **Corporate** functions: facilitate rather than control

by Thibaut Cournarie and Hervé Lefèvre from Kea & Partners



What makes this new school of managerial thought different is that its primary goal is not to improve the performance of the large organisations already in place but, on the contrary, to do away with the traditional models: it is 'disruptive', to use the buzz word. Lean management, reengineering, competitive edge theories, the human relations movement, strategic planning, total quality management and management by objectives all sought to improve the way in which companies were run, but the current thinking on 'liberation' seeks to invent a new kind of 'managerial technology', as a sort of Silicon Valley of managerial thinking that is emerging alongside rather than within the traditional organisations.

The consequence is that it is virtually impossible for the leader of a major group to take on-board these new managerial ideas and apply them on a large scale.

What do you do with the existing structures? What about compliance requirements? How do you make a complete break with several decades of history? How do you disregard the risks underlying this kind of reform when you have to report to shareholders?

One of the most emblematic points in this incompatibility between theories and managerial practices concerns the role of the company's corporate functions.

While it is now commonplace to criticise them for the inadequate knowledge of the profession and lack of customer contact, we sometimes also regret the unilateral and monolithic reforms they roll out despite the diversity of local situations. Some proponents of 'company liberation' may even call these functions non-productive and advise all good managers to transfer their responsibilities to autonomous teams immediately.

All of that is impossible in a large international listed company. The obligations for compliance, quality, optimised resources and standardised processes means that they simply cannot envisage operating without a corporate management team.

While we have demonstrated the virtues of an self-organisation, we also know that the latter is not brought about by minimising the role of the support functions, but instead implies a redefinition of their responsibilities. This is one of the keys to forging compatibility between autonomous management approaches and the reality that exists in the large groups.

This article hopes to throw some light on this issue.

By corporate functions, we mean all a company's functions devoted to its administration, organisation and management. They include the support functions, such as finance, human resources, purchasing, information systems, general services, and the management functions such as general management, strategy, internal audit, organisation and management control.

These functions now have three different roles: an administrative role, a sovereign role and an advisory role.

In their **administrative role**, the Corporate functions take care of a number of organisational tasks (pay, accounting, purchasing, etc.) to ensure their reliability and optimise their delivery.

In their **sovereign role**, the corporate functions offer the benefit of their expertise to set out policies, define procedures or implement tools to be used in all the company's practises to fulfil legal requirements, optimise operating costs or serve the general interest. In this respect, the corporate functions also fulfil a controlling role.

In their **advisory role**, the Corporate functions provide their expertise to help solve the problems the operational divisions encounter.

The CEGOS Observatory tracked the changes in these functions over a lengthy period and has demonstrated that their cost remained stable over time at around 17% of sales revenues while their headcount, despite a constant fall, still accounted for 27% of a company's staff in 2007, the year of the latest study. With more than one in four employees working for head office, the reality is that none of our big companies can do without its corporate functions.

Other than their original administrative role, these functions have expanded their area of responsibility as organisations and regulatory requirements have become more complex, along with their managers' desire for control and external pressures to carry out rapid, cross-cutting reforms. With the emergence of the matrix-type organisation, the corporate – or transversal – functions assumed a share of the decision-making powers that until then belonged to the operational management.

The development of the corporate functions thus led to increasingly complex decision-making paths and, above all, reinforced the Jacobin, centralising tendencies of company management, continually reducing productive and commercial units to tasks assigned from the top. This is expressed in the age-old tensions between head office and the shopfloor. It is also a phenomenon largely criticized by advocates of the 'liberated company' when they look at traditional models.

Going beyond the debates on organisational philosophy, the principle of centralisation is now clearly being challenged in so-called VUCA environments. If our companies are to become autonomous and alert, they can no longer make do with a single nerve centre at the top; instead they need to develop the same judgement and capacity for action of the people who are closest to the market. In other words, they need to rethink the distribution of roles between corporate and local levels.

SOVEREIGN AUSTERITY, ADMINISTRATIVE FRUGALITY

In an self-organisation, the corporate functions retain their sovereign role but this is limited to a set of shared, relatively unalterable operating rules (working time, management rules, security policy, environmental policy, etc.). Their aim is to bolster a certain 'unity in plurality'. They provide a framework within

which the teams' initiatives can be expressed, but do not seek to standardise all professional practices, because that would prevent the company from keeping up with the pace set by the market.

The corporate functions can retain an administrative role, centralising all or part of the management tasks. It may be more efficient to industrialise certain processes, such as purchasing or mutualize certain resources. The difference between a shared service centre in a traditional company and that in an autonomous company lies in the role played by the local operational units in its governance: it is the local units that assume joint responsibility for the pooling of resources and for a share in their management. Those same units also decide on the future of this central service, regularly questioning its contribution with regard to its cost. Whenever the shared service centre's scope is extended, it is sponsored by a representative of the autonomous unit managers and validated by a joint decision.

MAKING FEWER DECISIONS, BUT FACILITATING MORE DECISIONS

In an autonomous organisation, the corporate functions have a different role in the decision-making processes, and especially in the highly important strategic decision-making process. Contrary to a centralised organisation, decision-making powers are not entrusted to the head of the organisation but instead include active contributions from the managers of the autonomous units, owing to their responsibility for company results and their awareness of the market and local strategic issues.

The central functions therefore need to develop an inspirational kind of leadership of the decision-making process, in other words, bring it to life with a soul and energy. These

functions will constantly seek to bring something new to the table, to echo the latest trends and transmit signals that are barely perceptible elsewhere. The corporate functions will inspire creativity and risk-taking. They will offset the risks of shortsightedness, self-satisfaction and sluggishness that may develop in the group.

Inspiring the decision-making process also means innovating in the role of facilitator, creating the right conditions for the healthy tensions that should exist between local interests and the common good. It is the corporate functions' role to channel tensions, misunderstandings and latent issues so as to reach a decision that is shared as far as possible. It is also their job to provide neutral analysis and synthesis when reviewing cases and focusing debates.

Once the commitment of each stakeholder in the implementation of decisions has been formalised, it is the corporate functions' job to oversee their application and when necessary to recall the reasons certain choices were made – not to impose anything but instead to coordinate the community of autonomous units.

There thus needs to be a profound shift in the stance taken by the corporate functions, a change that will enable them to extend their potential modes of action with regard to operational staff. This change might be seen as a loss of status among employees who are used having a more direct influence on the company's decisions but it is necessary if the company is to take the road to autonomy.

ENCOURAGING COOPERATION: POLLINATION, BRINGING SHARED MEANING AND UPGRADING SKILLS

Introducing a new decision-making process with contributions from autonomous units can only be envisaged if there is strong interaction. Autonomy is not synonymous with independence and an autonomous organisation is not a string of separate islands. Working together towards the organisation's future requires heightened awareness of the common good among all stakeholders. This is how an organisation gains in autonomy and how cooperative relationships are built between the autonomous units in its network.

Yet the forces that work against cooperation are often very powerful: geographic distance, unfamiliarity with one another, local rivalries, lack of common interest, the gradual breakdown of interpersonal relationships, and so on.

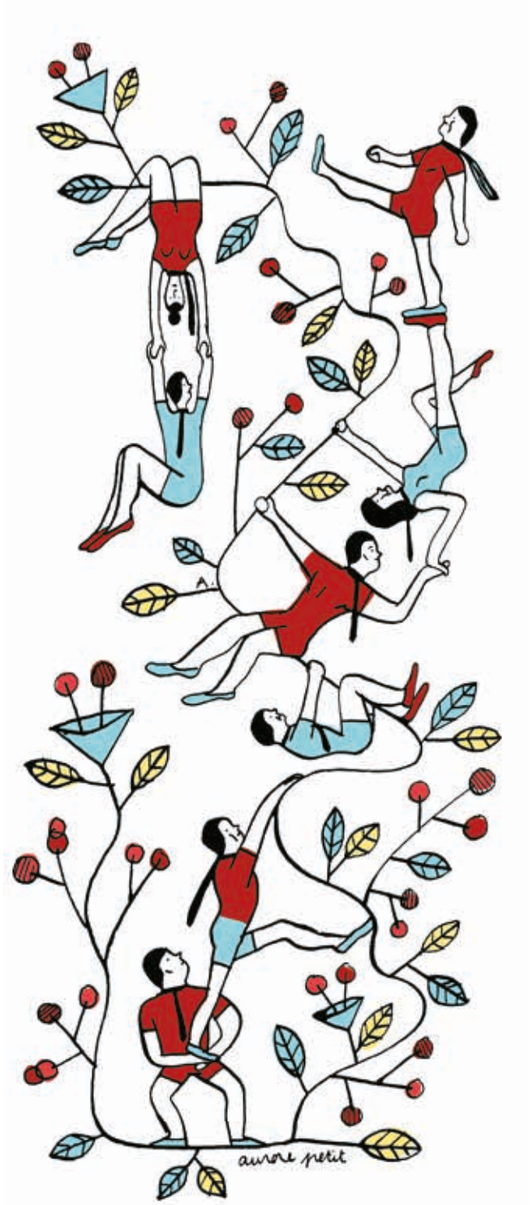
It is the corporate functions' role to promote cooperation within the organisation. In this respect, they need to develop very in-depth knowledge of their network so that they can establish as many relevant connections as possible, depending on circumstances: can the problems encountered by one sales outlet be solved by the experience garnered by another entity in the network? Would the initiative launched by one local production team be more effective if it drew on others? Can the expertise built up by this design office be useful to the community?

Cooperation cannot be decreed but the corporate functions have to develop new indirect modes of action and effective influencing strategies to create conditions conducive to cooperation.

The corporate functions are also responsible for 'pollinating', i.e. continually disseminating best practices from the network or from other sources.

It is also their job to produce a shared meaning and to help each local entity take this on-board and apply it locally.

Finally, the corporate functions will be responsible for upgrading the local units' skills in their respective areas of expertise. Decentralisation of the human resources department's prerogatives cannot be improvised. The first constraint is often the lack of necessary skills at local level. It is the corporate management's job to organise the dissemination and perpetuation of the necessary knowledge.



AN ALTERNATIVE TO THE MATRIX

In a Taylorian organisation, responsibilities are specialised and ranked to minimise the number of intermediaries between the leadership and implementation.

In the 1970s, matrix systems helped organisations overcome the inability of Taylorian hierarchical structures to manage cross-functional processes or large-scale projects. The emergence of total quality and just-in-time approaches demanded stronger horizontal collaboration in line with value chain thinking, rather than professional specialisation.

The matrix organisation formalised the sharing of responsibilities in cross-functional processes, split between the functional divisions, geographic divisions and operational divisions. In other words, matrix organisations were an attempt to translate the increasing complexity of the value creation processes using a mechanical breakdown of responsibilities.

Initially, these new ways of sharing responsibility scaled up the organisations' capacity to tackle new operational challenges, but it often resulted in a gradual paralysis of the decision-making processes (involving more stakeholders and thus more consensual), the multiplication of reporting tasks (reporting to more than one entity) and, ultimately, large structures becoming bogged down in operating set-ups that were increasingly unintelligible for internal stakeholders, customers and partners.

In an autonomous organisation, the goal is not to find a new way of breaking down responsibility but, on the contrary, to accept the fact that it is entirely in the hands of autonomous units, each equipped with the resources required for action within its scope.

In this model, it is no longer a case of seeing the corporate functions as the centre or the summit of a pyramidal or matrix chain of command; instead they are units in a two-way connected network, operating alongside other units in the organisation.

The units are thus no longer subject to heavy–or reassuring, depending on your viewpoint–supervision and can adopt new approaches to benefit from their autonomy.

› **Being more alert, more attentive to changes in the environment.** Every unit pays greater attention to customer feedback, competitors' innovations and changes in the use of their products. They can respond more rapidly to threats and opportunities from outside.

› **They are more agile in their decisions and their actions.** They are smaller in size, with fewer people to convince, and decision-making powers closer to the ground. Working processes are designed and approved locally, with everyone aware of when and how they can choose to dispense with them to improvise and save time.

› **Greater awareness of the common meaning.** Cooperation helps maintain interpersonal relationships and share more values. Every unit manager knows how their unit contributes to the organisation's performance, but they also know how the organisation contributes to their unit's performance.

The agility of autonomous organisations outweighs the implementational might of integrated organisations. Where the latter excelled in stable, replicable environments, the former are best suited to environments where uncertainty reigns but where there are more growth opportunities than ever.

The corporate functions play a fundamental role in these autonomous organisations, which is plain to see when we disregard the stereotypical debates on their direct contribution to revenues or the weightiness of their action.

HENRI MOLLERON

Henri Molleron joined Colas after graduating from École Polytechnique in 1978. He went to work abroad after a year in France, spending two years in northern Canada, four years in Nigeria, then nine years in the USA where he was head of a roads subsidiary in the Great Lakes region before going on to set up a soil remediation business on the East Coast. On his return to France, he created a decontamination subsidiary and became Environment Director of the Colas Group in 2004. Since then, his role has gradually expanded to include functions such as head of Sustainable Development, co-lead for the chemical, energy and industrial risk, and member of the Colas Innovation Board.

The Colas Group now leads the way for transport infrastructure construction and maintenance, urban development and leisure. Operating in around fifty countries on five continents, the Group is involved in 80,000 projects across the globe every year. It employs 57,000 people.

Interview with Henri MOLLERON, Chief Environment Officer at COLAS

by Thibaut Cournarie and Hervé Lefèvre from Kea & Partners

COLAS and its Environment division
a coach rather than a sovereign

WHAT WERE YOUR AMBITIONS WHEN YOU TOOK OVER THE COLAS GROUP'S ENVIRONMENT DEPARTMENT?

HM: I wanted better control over the environment risk and to explore the issue from every angle to balance risks and opportunities. It was a matter of taking the environment approach at Colas to the next level in terms of structure: we weren't exactly starting from scratch! However, I had some kind of legitimacy after starting up environment-related businesses across the Atlantic.

WAS IT EASY SETTING UP THIS KIND OF DIVISION? HOW DID YOU GO ABOUT IT?

HM: Easy? Yes and no. I'd first refused the task in 1996 because I didn't think Colas was ready for such an approach. Looking back, I think I was right. The next time, however, it was the other way round – I took the initiative because I thought the set-up of an Environment division was relevant in light of Colas's development and the expectations from our stakeholders. I opted to organise the division around a very tight-knit team of high-level experts, with focal points in each subsidiary – the 'environment officers' who do not actually report to me. Next, the division's headcount, regardless of the budget constraints found in any organisation, did not go up due to an increasing burden of tasks but in response to actual requirements: as such, everyone was convinced of the need to create a position focused on energy, then another on responsible growth, and so on.

IN 2014, YOU DECIDED TO MAKE SOME CHANGES TO THE WAY YOUR DIVISION WORKS. WHEN AND WHY DID YOU MAKE THAT DECISION?

HM: Every two years, there is a convention bringing together environment officers from across the world, along with other staff – especially from the operational divisions. The Brussels workshops run with Kea in 2014 triggered this programme of individual and collective development. The goal of those sessions was to work on a number of shared issues, compare the lessons learned and discuss good practices.
After those workshops, some officers came to see me to say that the work had been very enriching at the time but they were already sure that there would be little impact afterwards and that everyone would go back to deal with their own problems in their subsidiaries. Which goes to show that they didn't really know me!

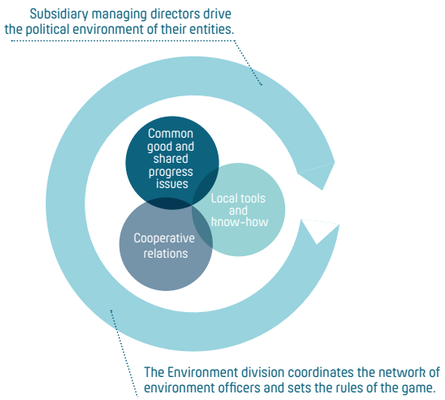
The lack of interaction between officers was even more regrettable when we realised that officers in Marseille and in Montreal, for example, faced very similar problems most of the time and that structured exchanges in a network would be the best way of coming up with solutions, without having to take in head office's more conceptual vision. This is why I launched the EOCE programme with backing from our CEO. This was a long-term progress plan giving officers the opportunity to work in a network, sharing and co-constructing their cross-cutting tools.

I launched a long-term progress plan giving officers the opportunity to work in a network

Another point is important here – my management style takes on-board the criticism that I myself might make about some of my superiors: the fact of committing to an action but not following it up... and I can be highly critical! I therefore make sure that I cannot be accused of the same thing – I'm very careful about not 'throwing in the towel'.

FOR YOU, WHAT WAS THE KEY FACTOR IN TRANSFORMING YOUR ORGANISATION?

HM: We really wanted to move up a level. We had already worked hard to consolidate the officers' environmental expertise and to commit them to tangible issues and action plans. So, in 2014, I felt that the time had come to push them further in a more managerial direction, in terms of facilitation and organisation in their subsidiaries and in terms of know-how to be more effective with their operational staff and managing director. The crucial point was boosting the maturity of the environmental officers within their subsidiary. To do so, we wanted to further substantiate the community, with the collaborative side of a peer network. To sum up, we wanted to bring



The principles of the EOCE approach

three interfaces together, each with their own know-how – the subsidiary managing director, the network and the Environment division – to offset the all too frequent shortcomings of an individualistic approach.

TO LEAD THIS KIND OF PROJECT AT COLAS, YOU NO DOUBT HAD TO CONVINCE OTHERS OF THE FULL WEIGHT AND STRENGTH OF YOUR BELIEFS?

HM: I firmly believe in the power of structured collaborative work. And every one of those four words counts! I should add that collaborative working cannot exist without a sense of sharing, and that there is no sharing without a dose of benevolence. Of course, we need to develop methods and know-how, but first and foremost we have to overcome a very common form of individualism.
The aim is not to lay out a doctrine or a model for the officers and oversee its application. We actually take the opposite approach, advising them and assisting them as they solve problems, remaining on hand to help them within the context of their subsidiary. The best example of this humility is that we have not consistently sought to transfer the solutions that emerge in one or other subsidiary during the EOCE programme to the rest of the Group, even if it is possible to do so where applicable, because that is not the aim of EOCE. Our way of working is fundamentally innovative with regard to our company's experience. And that's what I like about it. But first we had to get our officers and their managing directors to accept it and adopt it, especially as this type of project can quickly become very time-consuming. My role was thus to convince them, even if I was not entirely sure myself at the outset because I didn't know exactly how far we would go myself! But that is what is interesting when it comes to change or transformation: we often state that you must have a clear vision and to communicate it. That is if you have that vision at the very start, because the question of adhesion comes into play then. You should only disclose the elements that you are sure of and that you can support strongly, without committing yourself to more at this stage, which sometimes means not revealing all your expectations or ambitions to the team. Sometimes, you have to accept the solitude of the leader and let things come to maturity.

TO MAKE THIS KIND OF PROJECT A SUCCESS, YOU MUST HAVE THE SUBSIDIARY HEADS ON-BOARD, DON'T YOU?

HM: It is crucial to consult the managing directors of the subsidiaries. As I mentioned, I try and make changes to each side of the triangle. I cannot and do not wish to work solely within our division's silo... This kind of thinking is quite rare in groups where the corporate divisions tend to have complex relationships with operational staff. While we cannot deny the sovereign aspect of their role, we cannot allow relations with operational staff to be adversarial, dominated by the superiority of the experts or 'controllers'.

We cannot see relations with operational staff as adversarial, where the superiority of the experts or controllers reigns

We then had to provide a method that could be disseminated and escalated over an extended period, for questions of cost and of acceptance. And it had to be usable for other Colas divisions or operational networks. In fact, in my view, one yardstick of its success would be to see a functional or operational leader wanting to apply the same kind of method to one of their teams. From a time perspective, I also think that the environment network was ready to take this step forward, which also comes within the context of my retirement in a few years' time.

18 MONTHS AFTER THE LAUNCH OF THE EOCE PROGRAMME, HOW DO THINGS STAND TODAY?

HM: We are starting to scale things up. For the moment, we are satisfied with the progress made and the way the project is developing, even though a few changes have been made along the way. People are making increasing use of EnviroNnet, the social network set up for environment officers and their staff. Things are happening, the lines are shifting. This is demonstrative of the power of collective energy and co-construction with a team of consultants.

PERSONALLY, HAVE YOU CHANGED YOUR MANAGEMENT METHODS? HAS IT CHANGED THE ROLE OF THE ENVIRONMENT DIVISION WITHIN THE GROUP AND REGARDING ITS SUBSIDIARIES?

HM: Let me tell you a story. Once, a long time ago, I went on a management course. I was asked how I would describe myself as a leader: authoritative, collaborative, advisory, and so on. I stared at the paper for ten minutes, with no idea of which box to tick. I then explained that it annoyed me that I was baffled by the question. The trainer answered that I was right not to answer the question because a manager should be able to adopt every kind of management style, depending on circumstances and people. He explained that being a manager meant carrying a quiver full of arrows: every day we take the arrow best suited to the target and the context. That really spoke to me. Sometimes I'm very open, other times very secretive, sometimes I can be very directive, at other times collaborative. I use every kind of management method. Do I get the dose right? Of course it's not perfect but, throughout my career, I've tried to gather as many arrows as possible. With this project, I've added another one to the quiver. In other words, my managing style has constantly evolved, with variable geometry from the outset.
I have not therefore 'changed' in the literal sense. However, I have to admit that the power of collaboration goes far beyond my expectations. I have long been managing three teams: the staff in the decontamination subsidiary I set up, the staff in the head office Environment division and the environment officers. And each team is run differently, with very different hierarchical models.

> *Each team is run differently, with very different hierarchical models.*

Thanks to the EOCE programme, I've moved forward in terms of management of the third team, perhaps to the detriment to the first one recently. In any case, this type of process is iterative: you improve one aspect but fall behind with another... You always have to go back to the drawing board.
To answer the second half of your question, the overall organisation of the Environment division has not been changed; it has simply gained depth. Admittedly, it has been seen as transformation by the parties concerned. Together, we have passed a milestone that has changed how we communicate, how we work and how our officers stimulate one another. To use an image, we could say there has been an increase in our soft power. In the end, though, one question remains: has all that changed the value and the contribution of the environment officers? I think so, yes, and that is the most important thing, even though such a statement might still be premature at this stage!

WOULD THIS KIND OF REFORM BE POSSIBLE IN EVERY DIVISION OF THE COLAS GROUP? WHAT ADVICE WOULD YOU GIVE TO ANYONE LOOKING TO EMBARK ON AN APPROACH LIKE THIS?

HM: I think it is possible, yes, because the method is not specific to the environment division. That said, most of the departments at Colas's headquarters are older and more mature than the one I run and they don't necessarily have the same requirements.
One crucial condition at the outset is to devote a number of hours at head office equivalent to 25–100% of the time spent by the consulting firm brought in to assist with the project. You have to be ready to invest that time. If the company delegates a large share of the work to the consultants and only calls on very few of its own resources, the operation is likely to be significantly undermined. Our vision is quite simple: because we are going to be working with this method in the long term, we might as well start working with it from the outset, while the consultant is there to assist us. That is how things work in a driving school – you get behind the wheel at your first lesson! We want a real partnership, rather than subcontracting the job out. The aim is to strike the right balance with the partners and that balance can change over time. The consultants provide expert input and methods that we do not have in-company, and we contribute our knowledge of the company, its members and its culture: for example, there are formulas that will be readily accepted in one company but may lead to deadlocks in another. We take a win-win approach to co-construction, based on clear, strong bases. Another key factor: the time invested by the company must be quality time. The easiest thing to do is assign interns or beginners to these projects. In my view, that is a serious mistake. I called on a top-level staff member from the Environment division and I spent a lot of time on EOCE myself... and I still do!

HAS YOUR INITIAL AMBITION FOR THE ENVIRONMENT DIVISION CHANGED?

HM: There are some concepts that I hold dear: autonomy and consistency. They are the foundations in my view.
Promoting autonomy means acknowledging that employees have the ability to organise themselves as they wish, that they can work in the way they want and therefore have a relatively free rein over their actions. That autonomy – which we can call unrestrained or horizontal – is made much easier by digital technology, and I would go as far as to say that it is the main challenge in a company's digital transformation. It can be frightening for hierarchical structures because it takes away a portion of their responsibility and they have to relinquish some aspects of their role. That is often difficult to accept.
Nonetheless, it has to take place within a framework, to maintain overall consistency. That requires a formalised management system. Otherwise the organisation becomes unmanageable. In more basic terms, 'things are all over the place'! It is also worth noting that highly autonomous employees are not at all bothered about complying with a predefined framework. Ultimately, it is a precondition for their autonomy, as long as that framework is not inflexible and that anyone can make suggestions to change it; the principle then becomes clear: the framework evolves but we always respect as it stands.

TO SUM UP, HOW DO YOU SEE THE ROLE OF A CORPORATE FUNCTION WITH REGARD TO THE SUBSIDIARIES?

HM: With the ECOE programme, I brought the subsidiary environment officers together in a network and increased their maturity and relations with their managing director and the Environment division, without affecting their autonomy – on the contrary! It works and the results are starting to exceed my expectations.
In conclusion, I would say that a corporate function has to take part in the transformation programmes and drive change; to do so, it has to go beyond its conventional role of expertise and control (as a 'support' function) to play the role of network facilitator, trainer and coach. It is an individual and collective development role.

Employee autonomy in France and Europe

Eurofound (European Foundation for the Improvement of Living and Working Conditions) was founded in 1975 to provide data and conduct analyses in the areas of social policy and work organisation.

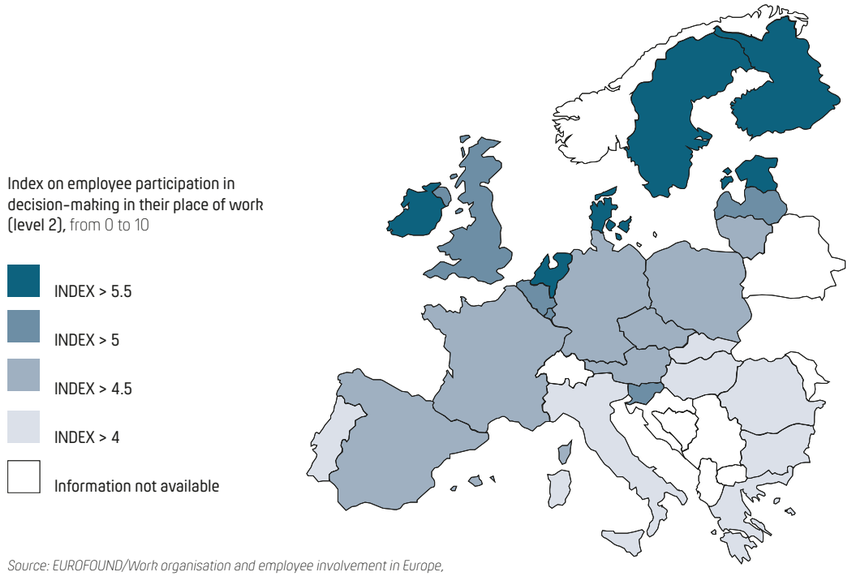
I 2013, Eurofound published *"Work Organisation and Employee Involvement in Europe"*. This was a report on its fifth survey into working conditions in Europe and summarised 44,000 interviews held in 34 countries.

Employees' participation in work was thus analysed. Eurofound defined participation as the opportunities available to employees to contribute to decisions concerning their work:

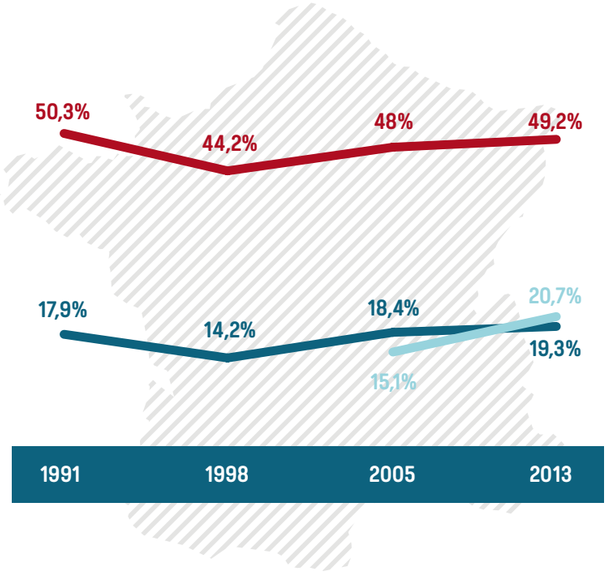
- high-level or strategic decisions, such as investment or product development,
- operational decisions on how work is organised,
- decisions affecting their tasks and their immediate working environment.

For the latter two types of decision, Eurofound calculated a participation index for the 34 European countries. In both cases, France sits in the middle of the table, comparable with Germany, between the northern countries that clearly favour participatory models, and the southern countries that are much more directive.

Index on employee participation in decision-making in their place of work (level 2), from 0 to 10



Source: EUROFOUND/Work organisation and employee involvement in Europe, A report based on the fifth European Working Conditions Survey, 2013



Proportion of employees who state that, when an issue arises, they call on others to help settle it or only settle it themselves in certain predefined cases.

Proportion of employees whose work always or often involves monotonous tasks.

Proportion of employees who are told how to do their job by line managers (rather than the latter simply indicating the objective).

Source: DARES/French Ministry of Labour, Employment, Vocational Training and Social Dialogue – Autonomy at Work, Working conditions surveys/Elisabeth Algava, Lydie Vinch 2015

The Eurofound received little coverage at the time of its publication but highlights the beneficial effects of employee participation on company performance through levers such as training, commitment or employees' perception of their working conditions.
In a note published in January 2011, the CAS (Strategic Analysis Centre) confirmed the influence of employee participation on a company's social performance, particularly with a drop in absenteeism.

Despite statistical proof linking employees' involvement to company performance, the data on working conditions complied by DARES over the past few years indicates that French companies are clearly leaning towards greater control and more prescribed work (see the graph above).

This trend is likely to weigh heavily on the competitiveness of French businesses as major transformations are being rolled out.

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