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Liberating Leadership:
How the Initiative-Freeing Radical Organizational Form Has Been Successfully Adopted

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Ewing Kauffman, founder of Marion Laboratories and the Kauffman Foundation, used to tell future entrepreneurs how, while a young sailor during World War II, he took the initiative to double-check his navigation officer's calculation of their location.[1] In doing so, he broke an important safety rule and put his vessel at risk of being detected by a German submarine. However, by his action, he saved three of his fleet's vessels from running aground. Kauffman argued that this kind of risky initiative is needed to start companies, yet as many companies grow, such freedom of initiative becomes limited. There are, however, companies where this freedom is complete. Consider a vignette from FAVI, a 600-person, $128 million French copper-alloy foundry, as recounted by its former CEO Jean-François Zobrist.[2]

> It was in 1985, at the beginning of our relationship with FIAT, that their Quality Auditor came to visit. We agreed to pick him up at Paris's Charles de Gaulle airport [a 90-minute drive from our site] if he would inform us of his arrival time, which he never did. I waited until 7 p.m. on the evening he was due to arrive, thinking that he perhaps had run into some difficulty, and then went home. Imagine my surprise when he arrived at 8:30 a.m. the next morning in my office saying, "Something very strange happened to me yesterday."
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> The FIAT auditor explained that when he arrived at the airport at 8 p.m. and found no one from FAVI waiting for him, he called the company. To his surprise, a female voice answered and he explained that he was late, but that the company had told him someone would pick him up. "Where are you? At Charles de Gaulle airport?" asked the voice. After getting an affirmative answer, the lady on the phone fixed a meeting point with the man and said that she would arrive in about one hour and a half. She came, picked him up, drove him to his hotel and wished him goodnight.
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> "The funny thing," the auditor told Zobrist, "is that she was very kind, very polite, but she seemed not to have the slightest idea who I was or what company I was from." Even funnier, Zobrist could not figure out who the mystery chauffeur of this important visitor was.
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> After a few calls, the CEO tracked down the mysterious lady. Her name was Christine, the night janitor. She had been cleaning offices at the plant, just as she did every evening, when the phone rang. Upon hearing the man's story, Christine simply took the keys of one of the company cars, went to the airport, brought the visitor to the hotel—and came back to finish the cleaning she had interrupted three hours earlier. What's more, she told nobody about her trip. When Zobrist went to see her to ask if she was the one who had picked up the visitor, Christine was worried. "Did I do something wrong?" she asked.
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> "No," her CEO laughed. "You did fine."

Zobrist explained why Christine didn't tell anybody about her initiative: "It was normal for her.

When facing a company problem, she is not a 'janitor,' she is 'the company.'" Zobrist added that he didn't thank her for her trouble: "Why should I? When you neither punish nor reward people's actions, those actions become normal, everyday occurrences. She didn't think she was doing anything exceptional. Everyone here who faces a problem, and has a solution, just goes and does it. No need to ask before for permission, or afterwards to give thanks." At the end of his visit, the FIAT Auditor raised FAVI's quality rating by 10%.

This is just one of dozens of illustrations we heard about FAVI's employees acting with complete freedom and responsibility to solve problems, maximize opportunities, and, quite simply, do their work. Over the years, such actions reaped several benefits for FAVI: exceptional quality (at the time of our visit the company was at twenty million units delivered without a single quality reject), on-time delivery (FAVI has not missed a deadline in more than two decades), and impressive growth (the company grew its share of the highly competitive European auto-parts market for its brass gear forks product line from near 0 to 50% and garnered a share of the Chinese market as well). FAVI experienced a three-decade-long double-digit free cash-flow and solid margins—in a market in which its European competitors either are manufacturing at a loss, or have disappeared—all the while refusing to raise the price of its products, even to account for inflation.[3] Despite the economic downturn and the shrinking market in auto parts, in 2009 FAVI forecasts it will capture an 80% European market share in gearbox forks as several of its competitors collapse which, at a minimum, will allow FAVI to preserve its sales volume. Furthermore, FAVI—a relatively small company with little R&D—was the first firm in the world to develop a breakthrough process to manufacture high-pressure copper wire for electric rotors. A significant portion of the company's gains is shared with employees in the form of an annual bonus, typically equivalent to 4-5 months of salary.

Though not numerous, dozens of companies like FAVI do exist. In this article, we explore a set of organizations that have managed to retain initiative-taking behaviors such as that recounted by Kauffman and Zobrist, and describe the "liberating leadership" style that supports such "freedom-form" or "F-form" organizations.

Research Approach

Since the late 1950s, the work of Argyris, Likert, McGregor,[4] and others has shown how traditional organizational forms—confining people in boxes on an organizational chart and equating work to compliance with rules—lead, at best, to underperformance and, at worst, to failure. Such findings spawned efforts to develop organizational forms that promote self-control, decentralization, and other initiative-freeing organizational features, but these efforts fell well short of McGregor's prediction that "Theory X" organizations would be dead within a decade.[5] In the 1990s, a new wave of research revived—under the names of "new forms of organizing" or "advanced Human Resource Management practices"—the study of alternative, initiative-freeing organizational forms in companies.[6] Many of the studied companies, from Southwest to Toyota, achieved world-class performance. Yet the adoption of such organizational forms remains low.[7] This raises one of the most intriguing management—and perhaps societal—questions: Why do these obviously superior examples not become the standard in place of the command and control form?

We decided to look for the answer to this non-adoption question by narrowing down the initiative-freeing form to its radical variant, which we call *F-form*: an organizational form in which employees have *complete* freedom and responsibility to take actions that *they*, not their bosses, decide are best. We studied fifteen companies in the U.S. and Europe that succeeded in adopting and benefiting from the F-form, and three companies that seemed to experiment with the approach but did not implement it. (See Appendix for a brief description of our research.) Across the companies we explored, successful F-form adoption yielded economic performance that solidly placed the firms at, or near, the top of their industry. A four-year field study of their practices, as well as of their leaders, allowed us to formulate the following answer to the non-adoption question: In order for the F-form to be adopted, a specific type of leadership—we call it *liberating*—needs to be embraced by the company's head. Inversely, the non-adoption of the F-form can be traced to the company head's non-embrace of some aspects of liberating leadership. Although about half of the companies we explored have been studied before—often for how their organizational structures are effective at leveraging their human capital—no research, to our knowledge, directly studied the leaders who built them in order to understand the leadership process and traits that supported these companies' unique organizational form. By applying this process, all the successful liberating leaders we studied have either transformed an incumbent's command-and-control form or fought off a start-up's tendency toward it as it grew. Moreover, they succeeded in building their companies' "micro-societies" based on values often opposed to the ones of society at large.[8]

Liberating Leadership

We define the F-form as an organizational form that allows employees complete freedom and responsibility to take actions they decide are best. Just as architects define human-built structures by their functions rather than their structural features, so we define the F-form based on its *function* rather than by a set of structural features. A bridge, for example, is defined by its function of allowing passage over an obstacle.[9] That said, there are some structural features that are typical of bridges, and the same is true for the F-form organization.

Most F-form companies have no organizational charts. Most have no reserved parking or corner offices for executives. Some have no assigned executive offices; everyone, including the CEO, simply selects an open desk. Some have no fixed seating arrangement and don't cluster desks by department. Some remove the ceilings and install stairs to increase mobility and communication among people. Some have meeting rooms named not after presidents, scientists, or artists, but simply after their senior employees—often secretaries. None have time clocks. Most allow employees to set their own work times and some even allow them to set their own salaries. Some have no managers. Some have no titles or ranks. Many allow employees to pick their leaders, and choose their own job descriptions, and in essence invent their own jobs. Some have no Human Resources department. Some have no budgets or even a Finance department. Most have no long-term planning process.

FAVI has many of these typical features, as described in the following vignette:

> CEO Zobrist doesn't seem to manage people in the sense of trying to motivate them. Nor does anybody else motivate them because there are no managers in FAVI. Self-managed teams, called mini-plants, are in charge of manufacturing— each with its own client and product. They are also in charge of all other business processes deemed essential for getting the job done right for the client: purchasing, delivery, finance, recruitment, training,

> and more. Each team performs these functions in its own way. Engineers and specialists in FAVI are simply asked to find the areas where they'd like to contribute. Naturally, this ends up being the areas not covered by the production teams, such as R&D or initiating lean management or continuous improvement methods. What is left out by the engineers and specialists goes to Zobrist who, besides his daily tour of the plant, greeting and chatting with employees, essentially spends his time looking for new markets where FAVI can leverage its core competences in copper and brass alloys. Not having to make any operational decisions was a goal Zobrist set for himself when he started building this F-form organization, a goal essentially achieved after three years.

Quad Graphics, a North American leader in commercial printing with 12,000 employees and $2 billion in revenues, also has many of these typical features. Everyone, including the CEO, is dressed in the same dark blue shirt and slacks; people are not told but asked what they propose to do in a business situation; job openings are used to promote people from within even if it requires important training; and top management annually rehearses for several weeks with a professional director for a musical they perform at Christmas in front of employees and their families. Yet despite all its typical F-form features, Quad Graphics *had* reserved parking spaces for top executives. When we asked both its CEO and the head of its Quad/Tech division about it, they looked puzzled and admitted they hadn't thought about it and that it didn't make sense to have them.[10] When, in a group discussion, we asked employees about it, they laughed and said that on balance it was a small thing that doesn't affect the overall environment, where they are completely free and responsible to take actions they deemed best for the company.[11] Indeed, when Quad Graphics' founder and former CEO Harry Quadracci started it—after leaving his former employer, a big printer whose top management he loathed for the way that they handled a strike—he didn't have in mind any particular organizational features that he wanted to build. He just had a firm desire to build a workplace in total opposition to the one he worked in. Specifically, he wanted a company in which people were free to make the best decisions for the company on their own—or, as he said to a journalist in an article famously titled "Management by Walking Away," he wanted a "company built by employees for employees, instead of a company run by a management class against a counterclass."[12]

All successful liberating leaders we studied clearly understood the defining function of the organizational form they were building—to allow complete freedom and responsibility of employees' action. However, in choosing the form's features, most of these leaders proceeded in a seemingly empirical manner. They simply added features that increased employee freedom and responsibility and rejected features that did not. Some freely admitted that they have not fully implemented the F-form, or that it isn't yet applied throughout the company. We found that liberating leaders employed other guiding criteria to help them on their liberation campaign in addition to that of achieving freedom and responsibility for employees, and we use this collective set of criteria to characterize their unique type of leadership—*liberating leadership*.

Three Universal Needs for People's Self-Motivation

People who are completely free and responsible to self-initiate actions are called self-motivated. Since 1943, when Abraham Maslow proposed his (still essentially untested)[13] hierarchy-of-needs theory, many psychological theories have been advanced to explain self-motivation. Perhaps the most ambitious contemporary theoretical and empirical research program on self-motivation has been carried out by Deci, Ryan, and their associates.14 Unlike Maslow, who extended the behaviorists' and psychologists' view of man seeking peace of body to that of also seeking peace of mind—and thus being motivated to eliminate the tension of unsatisfied psychological needs—Deci and Ryan view people as programmed for mastery and happiness (vitality and well-being).[15]

As child psychologists Jean Piaget and Lev Vygotsky have shown, people from a very early age engage in all kinds of play in order to master different aspects of their environment. They enjoy play to the point of ignoring hunger, fatigue, and the risk of being hurt.[16] Similarly, as adults, people seek mastery and "fun" in many of their leisure and—when the environment allows—work activities. The ongoing natural human activities aiming at mastery and happiness demand what Deci and Ryan call nutriments: "relatedness," "competence," and "autonomy."[17]

Their numerous laboratory and field studies showed that a properly nourishing environment that satisfies people's three universal needs leads to self-motivation. When people are treated with consideration, when they are provided with support for growth and self-direction, they self-motivate and take initiative, leading to increased performance and enhanced personal well-being. When, on the contrary, the environment is controlling and deprives people of their universal needs, then people's motivation becomes externally controlled and they do only what they are rewarded or punished for, which leads to no increase in people's well-being and only short-term performance benefits, if any.

Their broad empirical work led Deci and Ryan to extend an earlier postulation of McGregor's: "The answer to the question managers often ask . . . —How do you motivate people?—is: You don't. Man is by nature motivated. . . . His behavior is influenced by relationships between his characteristics as an organic system and the environment. . . .We do not motivate him because he *is* motivated. When he is not, he is dead."[18] McGregor redefined the "How to motivate people?" problem into: "How to build an environment where people selfmotivate themselves?" Deci and Ryan extended this redefinition further still: "What is in the controlling environment that prevents people from getting the right nutriments and what has to be rebuilt in it so they get them?"

Deci and Ryan's theoretical framework of a "nourishing, non-controlling environment for self-motivation" and its three universal needs of being treated as intrinsically equal, of growth and of self-direction[19] informed our understanding of the design criteria used by the liberating leaders to build the F-form in their companies.

Liberating Leaders Create an Environment for Intrinsic Equality

Robert Townsend, an early liberating leader and author of the 1967 bestseller *Up the Organization,* advised that, once you are in charge, "remove everything you didn't like [as] a subordinate and implement what you missed."[20] The work and management practices Townsend removed and the new ones he introduced in AVIS led to one of the early F-forms.[21] The same criterion guided all liberating leaders' initial decisions: which existing practices to remove and alternative ones to introduce depended on how they satisfied people's need to be treated as intrinsically equal. Among them, the most significant removed or introduced practices were *telling* and *listening*. Here is a vignette on how Jeff Westphal, the CEO and owner of Vertex, a global sales-tax software and services leader, 600-strong with revenues of $100 million, started his liberation campaign:

> In 1993, when Westphal became in charge of operating Vertex, its key software development project turned into a fiasco. While preparing to use his power to "tell" the team that they had "to redouble [their] efforts, step back, re-organize, and . . . go right back at it," Westphal remembered something Stephen Covey had written in *Seven Habits of Highly Effective People.* He attempted to set aside all judgment, to imagine himself in others' places, and to listen to them and suddenly had an epiphany: "I realized in that instant that I never really understood anybody. I understood what I wanted to understand about them, rather than really who they were and what their needs were. . . . The application to business was instant: 'I'm walking around thinking I get it. But I don't get it. And other people are walking around thinking they get it, but they don't get it.'" So, instead of "tell, tell, tell," Westphal decided to try something different: "I came to work the next day . . . and I started listening. . . . The very first 'program' that we implemented was that I changed my behavior. I started listening, I started actually involving people in my decision making, me personally."[22]

There are many advantages for the head of a company to listen to his or her subordinates instead of telling them what to do. Getting, as Westphal puts it, "a ton of leverage with the incremental power of 600 brains [instead of] an itty-bitty bit of leverage out of the incremental power of my little pea brain" is one obvious advantage. Indeed, during a meeting to assess how to move forward with a failed software-development project, one manager observed how the tax-software field seemed to be moving in the direction of ERP—very different from the one that their project was pursuing. Westphal recalled:

> "After this failed project I thought we should redouble our efforts . . . because I tended to be goal-target focused. But then I started to listen. And Gerry Hurley, who is our Marketing VP today, had noticed that circumstances were changing in our core sales-tax software business. And I said, 'What should we do?' We were a pretty small company then, 60 or 70 employees. And he said, 'We have to shift gears and we have to put our priority over here, because if we don't pay attention to that we are going to be in trouble.' I listened, and agreed." Westphal accepted the idea that opened the path to the company's growth: "It's a darn good thing we did, because we barely got ourselves into a position in time to seize the growth opportunity in ERP that really put the company on the map. Had we not done it, we probably wouldn't be in business today."

However, the most fundamental advantage is that when people are genuinely listened to, they feel treated as intrinsically equal. They feel that their experience, knowledge, and ideas are as valuable as those of the head of the company.

The next (much more difficult) step for liberating leaders was to have this practice of listening adopted by managers. In start-ups, it meant putting in place a rigorous recruitment and promotion processes for managers—in most F-forms called "leaders"—thus avoiding authority- and power-focused people from being hired or promoted. In incumbent companies however, liberating leaders had to transform telling managers into listening ones. Many used informal or formal training for that purpose. For example, early on, supervisors in Gore & Associates— today an 8,400-person, $2 billion leader in polymer products—used a traditional "telling" style.[23] When its founder and CEO Bill Gore stumbled upon several instances of badly treated people and bureaucratic rulings, he introduced regular dinners at which, in a Socratic manner, he coached use of a listening style. For some liberating leaders, changing their managers' style proved to be more difficult than it was for Bill Gore. Though they proceeded with wisdom in conducting a transformation and used non-threatening ways with "telling" managers, some managers remained stuck in their command-and-control ways. To deal with such managers, Zobrist of FAVI and Robert McDermott of USAA— today the fourth largest American car insurer, 22,000-strong with $13 billion in revenues—moved them to jobs where they did not have subordinates (while letting them keep their old salaries.)

Further on, liberating leaders removed a number of *work practices* because they did not satisfy people's need for intrinsic equality including: time clocks, locked supply closets, desks arranged by departments and other similar fixed seating arrangements, superior offices for executives and managers, reserved parking spaces, hierarchical organizational charts, and titles or ranks. They also removed *management practices* including: Human Resources departments and management procedures, requests and itemized reports of travel expenses, budgeting processes, Financial (control) departments, and long-term planning processes. Instead of these management practices, liberating leaders introduced practices that treated people as intrinsically equal, that is, as responsible and trustful as the liberating leaders are.[24] For example, people are regularly asked where they want to contribute most and—in a few companies—what they want to earn. People are consulted about decisions that affect them, trusted to use supplies and have expenses that will advance the company's goals. In companies that do use budgets, managers aren't second-guessed by executives about them, and the corporate budget is established by compounding managers' budgets who resolve inevitable inconsistencies among themselves. Not all of these work and management practices have been introduced by all liberating leaders and their introduction has been gradual. For example, from its creation, SOL—Finland's No. 2 cleaning service company, with 8,000 employees and 152 million euros in revenue—produced corporate budgets by aggregating the individual managers' unchallenged budgets. In 2008, SOL renounced budgets altogether, asking managers only to provide sales and profits projections and leaving them with freedom of action in how best to achieve those projections.

We also found that the environment built to treat employees *well* led to highly-motivated and productive people but not to the self-motivated—and free and responsible to act—employees one finds in the F-form. Take SAS, a 10,000-strong, over $2 billion in revenues world leader in software.[25] From the beginning, its co-founder and CEO Jim Goodnight envisioned the company as a world-class software champion. To accomplish this, Goodnight sought to attract highly motivated and productive employees, so he built an environment that provided everyone with outstanding work conditions and benefits. "If you treat employees as if they make a difference to the company, they *will* make a difference to the company," he was quoted in an *SAS Employee-Friendly Benefits Summary*.[26] His initial design criterion for choosing benefits and other environment elements was expressed in his "operating principle," "that's how he would like it if he was 'just' an employee."[27] This led to such benefits as free food, numerous family parties, a recommended 35-hour work week and flexible work schedule, on-site health-care, fitness and wellness facilities, departments helping employees with their children's education, elderly parent care, and more.

Goodnight commented that he couldn't "imagine anyone wanting to change the culture, because it's proven to be so successful over the years: the perks, and making sure that the work is challenging, those are the most important things."[28] Indeed, these work practices, chosen to treat employees extraordinarily well, with many perks and lavish benefits, proved successful. The environment contributed not only to its employees' high motivation and productivity, but also to their very low turnover—below 3% in 2008, when the industry average in North Carolina's Research Triangle was in the double digits. Notwithstanding these great results, this environment does not treat employees as intrinsically equal.[29] Though Goodnight himself is quite egalitarian and he holds, for instance, monthly group meetings with willing employees, the company implemented few *management* practices that satisfied employees' need for intrinsic equality (as well as their need to self-direct.) For example, the company's management practices regarding its sales people involve a compensation plan that is closely tied to their sales volume, which drives those who don't expect to reach good levels to quit quickly. Inversely, those who do well get—in addition to the substantial monetary reward—access to a "President's Club" with benefits such as a lavish leisure trip for themselves and their spouses. Goodnight himself is critical of the latter and when he took over SAS's U.S. sales operations personally, he eliminated this club. Yet, the overall managerial approach of motivating sales people through external rewards is not questioned.

To sum up, the first guiding criterion a liberating leader uses to design his company is intrinsic equality (which is not the same as building a great place to work) so that employees become self-motivated and free to act. However, having such employees raises a new issue for liberating leaders: How to ensure that these free-to-act employees do that for the *best* of the company.

Liberating Leaders Share Their World-Class Vision of the Company so People Will "Own" It

To make good day-to-day decisions, employees must know what is in the best interests of their company. Lacking that information, they may fall back on personal experience, their understanding of current business conditions or simply on "saving a buck." While a cost-saving focus certainly applies for companies such as Southwest Airlines,[30] whose strategy is low-cost market leadership, it won't apply as well for companies such as Gore & Associates, whose strategy is market leadership through outstanding products and fair customer relations. Liberating leaders attach key importance to elaborating and sharing their corporate vision with everyone.

Although it is not unique to liberating leadership, we observed that liberating leaders chose *world-class* visions that aimed to place their companies solidly at or near the top of their industry.[31] For example, Bob Davids, the founder and president of Sea Smoke Cellars, a young Central California winery that since its first production in 2003, has been in the World Top 100 wines for four years in a row, gives the following explanation: "When I started any of my projects, . . . I decided that quality is it . . . [and that] . . . I'm willing to take the time and the money [needed] because of quality. . . . Position yourself at the top of the market. . . . In all businesses and the markets, . . . at the top, there's a very small place for you."[32] Elaborating a world-class vision, however, is the easy part; sharing it with employees so that they own it emotionally is much harder.

Liberating leaders start sharing their visions during recruitment. As he welcomes new hires on their first day, Jeff Westphal of Vertex asserts, "Welcome to Vertex. You are free to leave,"[33] by which he means that if an employee finds a more compelling professional vision elsewhere, she should not stick with Vertex. Vertex backs this claim as it regularly helps employees who want to pursue other goals, such as opening their own businesses. Vision-sharing efforts do not stop at recruitment and integration, as many new hires, unaccustomed to the freedom offered, may well remain skeptical.

Liberating leaders must follow their words with reinforcing actions. For example, Kris Curran, Sea Smoke Cellars winemaker, tested her president's vision. After hearing Bob Davids' world-class vision during her job interview, Kris chuckled and said, "Yeah Bob, we've heard that a million times before. And then the owner puts $20,000 more into landscaping and doesn't allow me to buy an extra $200 wine hose that I need."[34] So, when Davids asked her to start with all the equipment she needed for world-class winery, she took him at his word and drew up "a just outrageous list of things." When she was ready, Davids came in and went through the list item by item, discussing for six hours "every last clamp, pump, and barrel," and then asked her, "OK, so when do you start buying all this stuff?" Curran, still skeptical, answered, "You're not going to knock anything off?" just to hear Davids repeat his freedom philosophy again: "No, I believe your arguments that this is going to make better wine, and therefore I'm going to give you everything you need so you do not have an excuse to come back to me and say 'I could have done it better if only you had allowed me to...'" Comments Curran, "I was blown away, because I had been in the industry for eight years at the time and I had never seen anybody that I had worked for and anybody that I knew that really stood behind what they said."

Reinforcement also requires developing leaders throughout the organization who pass along and reinforce the vision themselves. At Gore & Associates, Les Lewis—an early employee and "manufacturing leader"—took over as one of many vision bearers.[35] Early on, he learned from Bill Gore the importance of ontime delivery. Although known for his extremely quiet demeanor, Gore "actually raised his voice" when someone suggested "that it was okay to have 85% on-time delivery." When Lewis discovered that on-time delivery performance was slipping, and that some newer employees from traditional companies had decided that 80% performance was acceptable if getting to 100% would mean going over budget, he reminded them that on-time delivery is not an "economic decision" but one of the company's core principles. He ensured that Bill Gore's vision—it is unfair to deliver late to customers—was owned by those associates so they would act accordingly.

Finally, to maximize emotional ownership of the vision, liberating leaders share vision-relevant information "lavishly"—to use the word of Max De Pree, a former CEO of the Herman Miller company.[36] Rich Teerlink, a former CEO of Harley-Davidson, for example, regularly toured its U.S. facilities where he held town-hall meetings for each shift giving information and answering questions, a practice still followed by the current CEO, Jim Ziemer.[37]

To summarize, vision-sharing efforts—from interviewing to daily reinforcement—help employees emotionally own the company's vision and thus have criteria with which to decide which of their actions are best for the company. This in turn allows them to exercise freedom of action responsibly. But do they have capabilities for it?

Liberating Leaders Create an Environment Satisfying People's Need to Grow

In his 1960 book, McGregor contrasted the traditional "manufacturing" approach to the development of people to an "agricultural" approach: "The individual will grow into what he is capable of becoming, provided we can create the proper conditions for that growth."[38] This notion of growth potential is similar to Deci and Ryan's postulated universal need to grow. Liberating leaders expend constant effort to build environments that provide for growth of people's capabilities. Here is an example of an environment built by Robert McDermott in USAA.

When McDermott became CEO of USAA in 1967 it was a sleepy, underperforming auto insurer. He was convinced that it is on "the front line [where] all services [are] delivered" and that "top-down isn't going to get the right thing."[39] To implement his vision of USAA as a world-class service company, and USAA employees the best service people in the industry, he began rebuilding work and management practices to treat employees as intrinsically equal: he removed command-and-control managers, removed oppressive and distrustful controls, equalized salary levels of women—the majority of employees—with those of men in the same positions, introduced a 4-day, 40-hour workweek so that mothers could dedicate more time to their children, and more. These new work and management practices satisfied the need for intrinsic equality, which, in turn, made them receptive to McDermott's vision of world-class service. Still, the majority of the work force lacked the skills and knowledge required to do "what is best for a customer" in the myriad of insurance and financial problems posed and to do it in real time, over the phone. So McDermott launched training and education efforts to meet people's need to grow. A strong believer that everyone has a talent for something, he first encouraged people to move into areas that interested them and then to get the training they needed to do so. He worked with local universities to offer employees classes (at the company's expense) and in a variety of subjects, provided they were related in some way to work. On a typical night, 75 USAA training classrooms were filled with employees, involving about 30% of USAA's work force. Service representatives specifically got up to 16 weeks of training and simulations, including a week in effective listening, before they started answering phones.

Treated as intrinsically equal, USAA employees were already *willing* "to serve others as you'd like to be served," following USAA's golden-rule service principle. The growth-facilitating environment McDermott built made employees *capable* of taking the best service actions. Other liberating leaders also built environments allowing employees to move into jobs with growth opportunities[40] and to acquire the skills to succeed in them. Yet, employees may be *willing* to act in the best interest of the company, be *capable* of doing that and still not be *able* to do that because they haven't been given enough authority to act.

Liberating Leaders Create an Environment Satisfying People's Need to Self-Direct

If the environment employees work in deprives them of self-direction—notwithstanding satisfaction of the other needs—they will not be self-motivated and will not act in the best interest of the company. For example, at USAA (in essence, a gigantic call center) the environment that satisfies the need for selfdirection includes the authority to spend whatever time service representatives deem is required to solve a customer's problem—both business and personal. (Unlike most call-centers, which measure the number of calls handled per hour, USAA measures performance by the number of customer problems solved during the first call.) Service representatives can pay a claim even if the client doesn't have any formal proof, or cancel an insurance policy a client signed but then realized he can't afford. Employees debrief risky or borderline decisions with their managers to determine whether they were ultimately the best for the company and to correct the action next time such a situation arrives. The environment aims to satisfy the employees' need to self-direct; employees respond with self-motivated actions for the benefit of the customers, and hence the company. USAA topped *Business Week*'s 2007 and 2008 U.S.-wide customer-service rankings and came in second in 2009. In addition, USAA had the highest Net Promoter Score, a customer-service indicator highly correlated with future revenue growth.[41] Other liberating leaders who used the need for self-direction criterion built different environments—specific to their companies—to provide for it. Bill Gore encouraged self-direction in his employees by asking, "Have you made any mistakes lately?" When the answer was "No," he replied, "You haven't been taking enough risks."[42] Bob Davids aims at the same purpose when he says, "I'm gone for eight months. . . . If you feel that it's critical to contact me, that I get involved in your problem, what I want you to do is to lie down. When that feeling goes away, I want you to get up, solve the problem, and then send me an e-mail with the solution."[43] Jean-Francois Zobrist is unwilling to be involved in any operational decisions so that employees decide and act by themselves.

Failure to satisfy the need for self-direction can lead to the F-form's failure, as in this vignette of how Lars Kolind conducted liberation in Oticon, a Danish leader of hearing devices.[44]

> In 1988, when Kolind was named a CEO, Oticon was losing its European market leadership, technological edge, and money. To regain Oticon's position, Kolind decided to transform its "rule-based, departmentalized, hierarchical engineering culture" and convened a voluntary meeting to discuss the project. Almost everyone showed up and 80% of those present—though not the senior managers— spontaneously voted for it. To bring the senior managers on board, Kolind elaborated with them new company values and managerial norms. The first three concerned employees' needs "to be treated as independent individuals who are willing to take responsibility," "to develop within their jobs and gain new experience within the company," and to have "as much freedom as possible, yet accept the necessity of a clear and structured framework," needs corresponding to those of intrinsic equality, growth, and self-direction. To provide for intrinsic equality, employees, for example, were allowed to organize their own work schedules, to work where they wanted, and to lead a new product project if they initiated one. To provide for growth, employees, for example, were coached by a mentor or benefited from the help of an expert "guru." Yet, in providing self-direction the company's implemented practices fell short. The company's new— "spaghetti"— organization centered around employee-initiated projects strongly satisfied this self-direction need. With up to 70 projects running, the results followed: timeto- market for new products fell in half, 50% of company's revenue came from its new innovations, including the world's first all-digital in-ear hearing aid, and sales doubled by 1994. However, to review and monitor the profusion of initiatives and innovation, Kolind established the Products and Projects Committee (PPC), which started to suspend projects or slow them down arbitrarily, thus, not upholding the company's values. Kolind, in the meantime, was busy with external projects such as the company's IPO, acquisitions, and international expansion. In 1995, employees called a spontaneous meeting where they loudly denounced the constant violation of Oticon's values by the PPC. Following the confrontation, Oticon was divided into three parts, which, as Kolind would later comment, "turned the spaghetti organization into lasagne." The PPC was replaced by the Competence Center, which far from addressing the complaints, doubled down on them, taking upon itself the authority to start new projects, to appoint project leaders, and to constrain their earlier ability to negotiate compensation levels for project members. Shortly before the 10th anniversary of his arrival, Kolind quit.

What happened in Oticon? Kolind—as he amply attested in his book and in our exchanges—wanted to free his employees from stifling command-andcontrol practices.[45] Yet, despite his initial efforts to show these practices the door, they succeeded in sneaking back through the window of the PPC. Naturally, after experiencing the committee's stifling authority, project leaders, instead of freely self-directing to advance the projects, started to dedicate time to lobbying for them and to measure their success not by business results but by commandeered resources from the committee. As one employee put it, "you and up in situations where you act in some sort of anarchy and steal resources that others control."[46] Instead of "market competition,"[47] the behaviors at Oticon were, in fact, more typical of a command-and-control organization in which subordinates compete for bosses' favorable decisions.

To summarize, providing for the employees' need for self-direction is a key design criterion that successful liberating leaders used in building F-form. On the contrary, not using this criterion constantly will cause F-form to fail, as happened in Oticon. One reason it happened to Kolind was his inadequate efforts to sustain the culture he was building.

Liberating Leaders Become the Culture-Keepers

The time from when a liberating leader starts building an F-form environment until the moment most employees are self-motivated and act for the best interests of the company can be long. Our research suggests that it takes at least a year for start-ups and from three to ten years for incumbents. Even after the F-form culture is established, though, the liberating leader's role continues. For example, from the very beginning Bob Davids refused to make decisions and created an environment in which his employees could make them. Once he saw that the environment freed all employees to act for the best interests of the company, he switched to another role: "My job now is the keeper of the culture. I do it by talking to everybody every day: 'Hello, how are you, how's it going, what do you need?'"[48] Davids is also quite graphic on how complete the liberating leader's effort should be in this culture keeping: "One drop of urine in the soup is too much—and you can't get it out."[49] David Kelley—the founder, chairman, and liberating leader of industrial-design firm, IDEO—echoes Davids: "I view my job as maintaining the culture. That was the most important thing. . . . Everything else was a distraction."[50]

There are several reasons why is it so important for the liberating leader to stay alert. First, even in start-ups, employees have a tendency to view how companies should be organized through the more familiar and dominant command- and-control prism. David Kelley recounts his response to employee proposals to formulate company policies: “They [would] always want it. Well, I [would] answer them, ‘Do what you think is right. Don’t look in the book.’” Liberating leaders do not believe that a couple of years can undo a view that employees have acquired since kindergarten: Solving problems through topdown policies and regulations instead of through responsible individual or small group initiatives. One liberating leader, Ricardo Semler of Brazil-based SEMCO, has in fact created a foundation that runs several schools in which children, beginning in kindergarten, are taught in an environment that encourages responsibility and freedom rather than following instructions and being complacent.[51] However, those educated in the old system require vigilance on the part of liberating leaders so that polices and regulations don’t sneak back in—vigilance that, Lars Kolind, for example, lacked in Oticon.

When policies and regulations are not reintroduced to solve business roblems, they may also sneak in to deal with abuses. Gordon Forward, the former CEO of Chaparral Steel, a Texas-based mini-mill, calls is “managing or the 3%.”[52] One CEO at a small company explained to us that because he caught one secretary dipping into her office supplies for her kids’ back-to-school needs, he issued a regulation: No office supplies can be ordered during the summer. Thus, he figured, there would be nothing left on September first for her to take. Unfortunately, however, such rules punish those who do nothing wrong, even after the original wrongdoer is long gone. Moreover, the new rules risk destroying the environment in which employees are treated as intrinsically equal—that is, with trust and consideration—thus, putting at risk the F-form itself. Liberating leaders refuse to “manage for the 3%.” Instead, they get rid of the wrongdoers. In his 25 years with FAVI, Zobrist didn’t dismiss any of the many people whose jobs became useless—because they were bureaucratic—in his freedom-based company. He did, however, promptly fire three people for malfeasance. This applied not only to those who abused material assets but—as importantly—those who abused people. As Bob Davids would say, “the swift sword cuts clean,” a mantra he employed when a person became increasingly dictatorial and when he “realized that the rest of the people were waiting to see how long [he] would let this exist.”[53]

A final reason for liberating leaders to stay alert is the tendency for employees to switch their focus from the company’s world-class vision to immediate concerns. Recall how Les Lewis, a “manufacturing leader” at Gore, was disturbed when he discovered that on-time delivery performance was slipping and he corrected this vision problem.[54]

To summarize, the employees’ and managers’ tendencies to reintroduce the command-and-control features require a constant culture-keeping effort on the part of the liberating leader. However, not every leader who launches a liberation process will succeed in it.

Liberating Leaders’ Traits

The three traits of successful liberating leaders are: freedom and responsibility values, creativity, and wisdom. The first two traits are commonly discussed in leadership literature and shared by many types of successful leaders. The last trait, wisdom, is rather uncommon in leadership research.[55]

There is much work on the role of values in successful leadership.[56] For example, Bill Gore wrote: “Freedom is the great motivating power of individual human beings. The problem of maximizing freedom within societal restraints of an enterprise involving groups of people is the major one facing leadership in our industrialized communities. Freedom generates invention, innovation, and productivity.”[57] Rich Teerlink, of Harley-Davidson, left executive positions four times at other companies because they scorned his freedom values. Many other liberating leaders in our study became frustrated by both the chronic underperformance they perceived in their command-and-control employers and, more importantly, by the values they displayed.

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There is also considerable literature on the importance of creativity to effective leadership.[58] Creativity is a multi-component phenomenon in which creative traits, process, and environment interact in the production of work that is novel and useful.[59] In our study, we identified one particular creative trait in liberating leaders:

the ability to redefine problems. Creativity researchers single out this ability because very often creative insight comes not during the search for the solution, but during redefinition of the problem itself. For example, Robert Townsend, while an executive at American Express in the late 1950s, redefined the credit card as a "cross between a passport and a traveler's check," both of which seemed familiar to his bosses, and thus paved the way for development of a huge credit card business. Liberating leaders in our research redefined several otherwise intractable problems. Instead of figuring out how to motivate people, they sought to build an environment where people self-motivate. Instead of searching for a way to soothe relations between managers and subordinates to reduce stress, they focused on how to transform that hierarchical relationship into a relationship between equals in order to eliminate stress.

The last liberating leaders' trait—wisdom—deals with a paradoxical aspect of their behavior, simultaneously embracing a thing and its opposite. Here is a vignette with a list of paradoxes we identified in SOL's liberating leader Liisa Joronen.[60]

> Joronen is an owner and president of a big business, but has no company car and rides the tram. Having stepped aside as CEO in favor of her children, she professes to be reluctant to visit the company too often, but when she does, she clearly loves every minute of it. She praises the free Thursday soup for employees and visitors alike, but judges it too expensive to provide every day. In the first ten minutes of our conversation, Joronen told us that she "lives in chaos" but, at the same time, she insists, "I don't go there and there and there," waving her hand in three directions, "I go somewhere." She also told us that once she "decides something," she'll "break through walls" to get it done, yet she never "takes too big risks." She says that she is "the opposite of almost everything in the society," yet she says "I have to behave in society because . . . I still have the society, they are my clients."

Other liberating leaders had mottos describing their paradoxes, such as Zobrist's "To act without acting is a *laissez faire* approach that does not mean doing nothing, but means creating conditions in which things happen by themselves."[61] But embracing paradoxes is key to wisdom.

Wisdom is different from intelligence, the ability to acquire and process information. One can be smart and foolish at the same time.[62] Wisdom scholars define it as "excellence in . . . judgment, advice, and commentary in difficult and uncertain matters of life and life conduct . . . combining personal and common good."[63] Thus, wisdom helps with uncertain, conflicting matters and with contradictory goals. Holistic and dialectical thinking styles explain how wisdom achieves that.[64]

To understand *holistic thinking*, or its absence, consider "the fundamental attribution error"—the tendency to assign too much credit or blame for a given situation to a specific individual without taking into account the surrounding circumstances or environment. Psychologists once thought that the fundamental attribution error was indeed "fundamental"—a universal feature of how the mind works—but beginning in the 1980s, research revealed that it was, in fact, culturally dependent.[65] Western thinking tends to isolate actors and objects from their environments, while East Asian thinking is more holistic, focusing on the context and its relation to the object. Repeated studies have shown that, as a result, East Asians are less prone to fundamental attribution error than are Westerners.

To understand *dialectical thinking*, or its absence, consider how Western upbringing and education develop the conviction that a thing and its logical opposite can't both be true at the same time. East Asians, though, are not beholden to this Aristotelian logic. Lao Tzu, the founder of Taoism, wrote: "The greatest power seems weak/The purest white seems tainted/The abundant seems empty/The stable seems shaky/The certain seems false."[66] Research has demonstrated how difficult it is for Westerners to accept paradoxes, in contrast to East Asians.[67]

In the past 30 years, developmental psychologists have shown that the best problem solvers think "holistically" and "dialectically" about the problems they face.[68] That is to say, they consider all of the ways in which one problem may be related to its surrounding circumstances and environment (holistic thinking) and they are not afraid to entertain both sides of an apparent contradiction if it helps them move forward (dialectical thinking). Understanding these two dimensions of wisdom helps us understand the liberating leaders' embrace of paradoxes and how it is useful for liberating leadership.

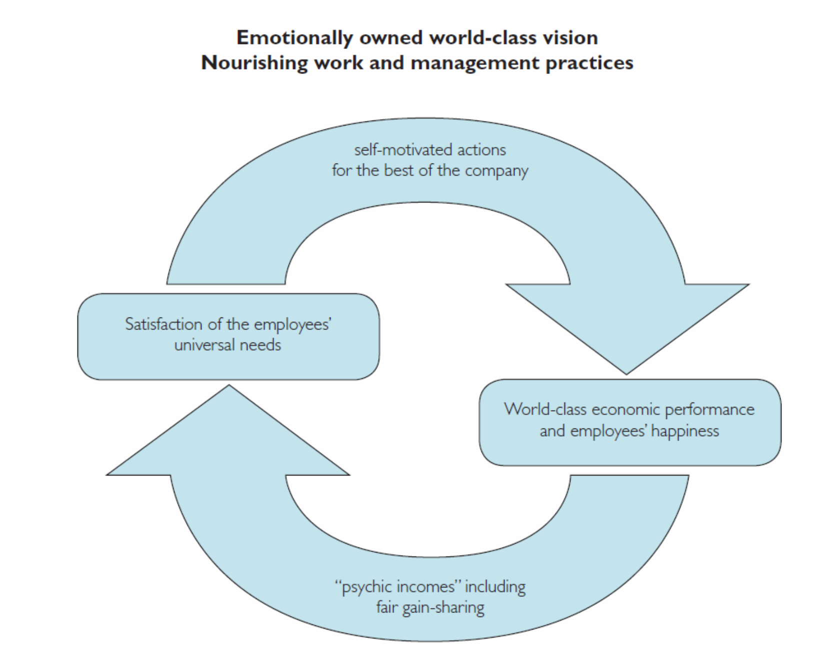
Liberating leaders' wisdom also explains one more paradox—the co-existence of soft and hard leaders' actions. For example, liberating leaders such as Zobrist radically transformed their companies' managerial practices, and yet did so mostly through non-threatening, often gradualist tactics. However, Zobrist did not hesitate to take harsh steps against certain dictatorial managers, and to do so publicly. The inability to embrace this paradox is one reason why so few leaders succeed in adopting liberating leadership. Indeed, liberating leadership is transforming. As James MacGregor Burns writes, "new cultures and value systems take the place of the old."[69] Consequently, resistance to "transformation" is to be expected and is normal, particularly from managers who have legitimate interests they expect to be hampered. Pure intelligence may dictate using force against or dismissing those who obstruct the transformation. However, forcing managers to change leads to greater resistance, something Rich Teerlink of Harley-Davidson summarized as: “People don’t resist change; they resist *being* changed.”[70] Ignoring their needs only delays the moment when the resisting managers will strike back. Lars Kolind of Oticon, facing the resistance of senior managers to his liberation campaign, summoned them to his office one at a time and issued an ultimatum: “Choose whether you want to be part of the game or quit.” The senior managers all agreed (nominally) to play their boss’s game, only to sabotage his efforts later on. Zobrist, on the other hand, neither dismissed nor ignored his resisting managers. He gave them time and support (such as training) to voluntarily change, but when they refused, he moved them into positions with no authority, while preserving their salary.

To summarize, successful liberating leaders posses the traits of freedom and responsibility values, creativity, and wisdom, that allow them to succeed in the liberating leadership process. More specifically, they use wisdom to resolve many contradictory matters encountered during this process. However, as implied by wisdom’s definition, they use it not only for this but also to combine company’s common good with employees’ personal good—happiness.

Concluding Remarks: F-form as a Happy Workplace and a World-Class Business

The concept of happiness occupies an important place in the history of human thought. Aristotle viewed happiness as the ultimate goal of human actions. Many texts from Thomas Jefferson’s *Declaration of Independence* to James Mackay’s questionable treatise on *The Economy of Happiness*[71] to the work of John Rawls and Edmund Phelps[72] explore societal and economic solutions for happiness. Phelps, for example, argues that if the society’s majority enjoys the Aristotelian “good life” or happiness, then the society and its economy can be viewed as good or just. On the individual level, happiness is studied in the field of “positive psychology.”[73] Deci and Ryan relate individual happiness to the work environment, and thus offer a framework to understand how a large number of active individuals may achieve happiness in the F-form workplace (see Figure 1).

FIGURE 1. F-Form's Virtuous Circle



The main obstacle to happiness lies in the apparent contradiction between the personal interests of individuals and those of the collective others. On one hand, the pursuit of personal good has been viewed since the time of John Adams as necessary for the market economy to function. However, it leads, at least in the short term, to material inequality and deprivation of the good life for others. On the other hand, primary consideration for others' interests, while a seemingly promising path to equality and happiness, has proven incapable of driving economic performance. Most of Western philosophical, economic, and political thought—including recent debate on the extent of market regulation— assumes this paradox and seeks some compromise solution. Wisdom suggests a different approach: to seek a solution where self-interest and consideration for others' interests *co-exist*.[74] The F-form company exemplifies such a solution, both inside and outside, as an economic actor.

First, within a company, the F-form is based on the clear acknowledgment of every employee's personal needs. As Deci and Ryan have demonstrated, the surest way of preventing a person from becoming self-motivated is to deny satisfaction of personal needs. Simultaneously, this person, being part of a corporate environment, has to act to satisfy others' universal needs. For example, the individual has to treat colleagues as intrinsically equal and to help them when they ask. When building an F-form environment, instead of seeking compromise or *quid pro quo*, the solution to the paradox emerges as a set of "unwritten rules." For example, in Gore, every "associate" is expected to provide help when a colleague needs it, which gave birth to the unwritten "credibility bucket" rule. The "bucket" fills each time one keeps a commitment or helps others, and empties when one doesn't. One's ability to work at Gore depends on one's "credibility bucket." At USAA, where an employee is expected to treat colleagues as he or she would like to be treated, the "golden rule" developed among the employees. In the F-form companies we studied, such unwritten rules embracing the paradox of simultaneously satisfying one's personal needs and others' needs go by different names: respect, dignity, consideration, trust, fairness, equity, courtesy, and grace. Thus, when Bill Gore believed that his company needed something, he'd always address an associate in the following manner: "We need to do XYZ. Would you be interested in doing it?" Thus, within a company, F-form cultures are micro-societies of mutually respecting, growing, and self-directing individuals pursuing their own and the company's good.[75]

Second, within an economy, the F-form company embraces a paradox of both pursuing its self-interests and being considerate to other companies. The company is self-interested because, as a business with world-class vision, it relentlessly pursues its own good often at the expense of its competitors. However, with its suppliers, customers, and partner companies the F-form company is more considerate, because what is good for them is generally good for the company itself. Thus, the F-form company develops—similar to the Japanese *keiretsu* system—trustful long-term relationships with its suppliers and helps them improve. The F-form company treats its customers well, which is good both for them and for the company because well-treated customers keep coming back. For example, Zobrist would call his customers proposing to postpone their orders for the company's products if he knew that their price—heavily dependent on raw materials prices—would soon fall; and conversely, to order more if the prices would rise imminently. Similarly, in response to the downturn, SOL decided to charge less than the contractual price for many of its struggling clients such as hotels and ferry companies—both to help them through the downturn and to inspire even more loyalty from them in the future.[76] At USAA, service representatives stay on the line as long as necessary to help customers solve their problems—business or personal—and to make customers come back. Some F-form companies even help their competitors. For example, much like Robert Mondavi's efforts in sharing his innovations with fellow—and competing—Napa Valley wine producers, Harry Quadracci shared Quad Graphics' innovations in printing equipment with its competitors because it was good for all of them. Indeed, Quad/Tech—the division that makes and sells these innovations—sports a rare set of testimonials in its lobby, mostly from Quad Graphics' thankful competitors.

Liberating leaders build an F-form environment in which self-interest and consideration for others are integrated in employees' actions at both the level of the company and of the economy in the sort of virtuous cycle depicted in Figure 1. We call it a virtuous cycle because happiness is both a factor and a result of world-class performance. As Zobrist put it, "There is no performance without happiness."

APPENDIX

About the Research

Based on our F-form definition, we first searched for companies reputed, at some point in their recent history, for having responsible employees who were free to act. Archival research of academic and media publications, as well as professional and business networks, were used for this search. These were then further researched through bibliography and networks to check whether their organizational forms were potentially F-form ones.

We then approached these companies and visited the leader, current or former, who was instrumental to building their organizational form. When accepted, we spent 1-2 days in each of these companies interviewing the "liberating leader," employees, and managers (in one case, interviews were conducted by phone). The questions for the semi-structured interviews were prepared after reading all available literature on each company. In cases where the "liberating leaders" were retired, we interviewed them apart (in one case, through e-mail). In cases where the "liberating leaders" had passed away (Bill Gore and Harry Quadracci), we interviewed several executives who had worked closely with them to learn about these leaders' attitudes and behaviors. Also, in two cases, the potential F-form we wanted to study had no longer existed within the company for more than a decade. Thus, we have interviewed the leaders who built them but not the current employees and managers. To assess the work and management practices that had existed before, we relied on the employees' oral and written testimonials.

Altogether, we studied eighteen companies for their potential F-form, three revealing themselves as either not having it to begin with or having attempted to build it but failing in the end (see Table 1 with short descriptions of eighteen studied companies; the three companies which had not adopted the F-form are in italics).

All interviews were recorded and later transcribed for analysis. We also collected corporate documents that were relevant to our topic. Where further clarification was needed, we exchanged via telephone and email with the interviewees. The specific findings in this paper were extracted by using the collected observations- and documents-based inductive reasoning typical to field studies methodology. Overall, our research is subject to the concerns traditionally associated with this methodology (e.g., Klein and Myers[77]).

TABLE 1. Short Descriptions of Studied Companies[78] *(continued on next page)*

W. L. Gore & Associates—Founded in 1958 by Bill Gore with no product, the company grew to upwards of $300 million in sales of the Teflon-based products by the mid-1980s, boasting 29 plants and 4,200 employees worldwide. Now, the 8,400-strong company takes in over $2.1 billion a year in revenue and is still growing at 15%. It has been in the "100 Best Companies to Work for in America" since the ranking's inception.

USAA—When Robert McDermott took over as CEO in 1968, USAA had $200 million in assets in its 3,000- employee insurance company. During his 25 years as CEO, USAA had a 400-fold increase in assets with only a 7-fold increase in headcount. In 2008, it had $14.4 billion in sales and 22,000 employees. Ranked #1 for Customer Service by Business Week in 2007-2008. Was in the "100 Best Companies to Work for in America."

Sun Hydraulics—In 1970, Bill Koski started this hydraulic valves maker in Sarasota, Florida. The company was profitable every year since 1972 and is today 633-strong, $167 million in sales all over the world. It went public in 1997. It is on the *Fortune* 100 fastest-growing small public companies list (three years in a row) and on the *Forbes* 200 best small companies list (three years in a row).

Quad Graphics—In 1971, Harry Quadracci started a print shop with 11 employees. From $154 million in 1986, the company's sales grew to $703 million in 1993. Today, this $2 billion, 12,000-strong firm is North America's 3rd largest printing company. Was on the "100 Best Companies to Work for in America" list.

GSI—In 1971, Jacques Raiman created this French payroll computer services provider as a subsidiary of a large industrial corporation. The company, later turned independent, grew both organically and through acquisitions to become the top European firm in this industry with $590 million in revenues and 3,800 employees in 1995. That year it was acquired by ADP, a world leader in payroll and other computer services.

Bretagne Atelier—In 1975, Jean-Michel Quéguiner became CEO of a then small company dedicated to the employment of handicapped people. Since then, he transformed it into a world-class auto-parts supplier with close to $30 million in revenues, with 80% of employees being handicapped (though never mentioning this in biddings).

Richards Group—In 1976, Stan Richards transformed his creatives-for-hire business started in his apartment into a full-service advertising agency. From 1985, his company landed big name clients including Motel 6 and was already billing over $100 million. Today Richards Group is the largest independent agency in the U.S. with nearly 900 people and over $1 billion in billings.

IDEO—In 1978, David Kelley co-founded a small industrial design company. It designed the first Apple mouse, Palm V PDA, stand-up toothpaste tube, and with a thousand more products is considered one of the world's most influential design companies. The company has close to 600 employees and since 1996 is a subsidiary of Steelcase, Inc.

Chaparral Steel—With the company since 1973, Gordon Forward became its CEO starting in 1982 when its sales amounted to $297 million. The sales grew to $376 million in 1988, when the IPO was made, to $462 million in 1994, when it became world's lowest cost steel manufacturer. Today, it accounts for 10% of its parent company's Gerdau Ameristeel production (sales $5.8 billion). Was on the "100 Best Companies to Work for in America" list.

SAS Institute—Since being co-founded by James Goodnight in 1976, this software maker experienced double-digit revenue growth annually reaching $2.26 billion in 2008, becoming the world largest privately held company in this industry. Its workforce of over 10,000 enjoyed an under 3% turnover in 2008—extremely low for the industry. Is on the "100 Best Companies to Work for in America" list.

Intertech Plastics—Noel Ginsburg, CEO, started this Denver-based company in 1980 at the age of 21. Today, this regional leader, with close to 100 employee and $14 million in revenues, has grown into a world-class manufacturer of injection and molded plastic products.

FAVI—When Jean-François Zobrist took over this French copper alloy foundry in 1983, it was producing sanitary equipment and water meters and was initiating gear forks. Today the company has 50% of the European market plus a share of the Chinese one in gear forks with $128 million in sales. FAVI delivered twenty million units without a single quality reject and never missed a deadline.

Harley-Davidson—The company was on the brink of collapse with $295 million in sales when Rich Teerlink took over as a CEO in 1986. He soon started its transformation bringing the sales to $940 million in 1990. When Teerlink retired in 1999, Harley had a 50% U.S. market share, $2.5 billion in sales, and 17% profits. Today Harley-Davidson is the world's largest motorcycle manufacturer, with $5.7 billion in sales and $1 billion in profits. Was on the "100 Best Companies to Work for in America" list.

Oticon—When Lars Kolind took over this Danish hearing device manufacturer in 1988, the company was losing product leadership and money on sales of $52 million. He soon started its transformation and the company's sales, which had already doubled between 1990 and 1994, had doubled again by 1999—a 400% increase in revenue in one decade, accompanied by double-digit profit margins.

SOL—The Finnish company became profitable within its first year, 1991, and remained so with average annual profit of 8-9%. Its sales grew from $130 million in 2004 to $203 million in 2007. SOL holds the #2 spot among cleaning companies in Finland.

Vertex—In the early 1990s, Jeff Westphal became an executive of a mere 30-person, $10 million in sales taxconsulting firm inherited from his father. In 2000, its sales reached $70 million and it had 450 employees. By 2006, Vertex was 600-strong with $100 million in sales. Regularly listed among the "Best Places to Work in Pennsylvania," its home state, company turnover is a low 6% compared to 16% for the industry in the region.

Zappos—The Internet shoe seller was founded in 1999, partly with the venture capital of Tony Hsieh who became gradually involved in the company's management and a few years later became its CEO. From $1.6 million in 2000, the sales surpassed $1 billion in 2008. Employs over 1,600 people. Ranked #7 for Customer Service by *Business Week* in 2009. Offers $2,000 for employees willing to leave during the first 90 days; extremely low turnover thereafter. Is on the "100 Best Companies to Work for in America" list.

Sea Smoke Cellars—The winery first produced 795 cases of wine in 2001 and grew dramatically over the next years to 4,000, 12,000 and then to 15,000 cases sold in 2005. Named the Best New Winery in the U.S. by *Food & Wine*, it ranked among the 100 Best Wines in the World in *Wine Spectator* in its first year and for four years straight.

Notes

1. Video documents on the Kauffman Foundation's website <http://video.kauffman.org/services/player/bcpid1811456713?bclid=1811598530&bctid=1811454387>, accessed March 20, 2007.
2. Personal interviews on April 8, 2005 and January 25, 2006. We will try, as much as possible, to present our illustrations in a narrative form. Though unusual for most scientific texts, narrative form is common for fieldwork-based disciplines, such as ethnography or

anthropology, where, beyond getting close to the empirical fact, research must be factual, descriptive, and rely on quotations in reporting. See John Lofland, *Analyzing Social Settings: A Guide to Qualitative Observation and Analysis* (Belmont, CA: Wadsworth, 1971). Regarding the narrative form in organizational research, see Haridimos Tsoukas and Mary Jo Hatch, "Complex Thinking, Complex Practice: The Case for a Narrative Approach to Organizational Complexity," *Human Relations*, 54 (2001): 979-1013.

3. Adjustments are only made to world prices in raw materials.

4. Chris Argyris, *Personality and Organization* (New York, NY: Harper Collins, 1957); *Integrating the Individual and the Organization* (New York, NY: Wiley, 1964); Rensis Likert, *New Patterns of Management* (New York, NY: McGraw-Hill, 1961); Douglas McGregor, *The Human Side of Enterprise* [annotated edition, originally published in 1960] (New York, NY: McGraw-Hill, 2006); *The Human Side of Enterprise*, conference at MIT on April 9, 1957, reprinted in McGregor, op. cit., pp. 341-356.

5. Warren Bennis, "Foreword to the Twenty-Fifth Anniversary Printing," in McGregor, op. cit.,p. xx.

6. On "new forms of organizing"/"new organizational forms," see Nicolai J. Foss, "Introduction: New Organizational Forms—Critical Perspectives," *International Journal of the Economics of Business*, 9/1 (February 2002): 1-8; Anne Y. Ilinitch, Richard A. D'Aveni, and Arie Y. Lewin, "New Organizational Forms and Strategies for Managing in Hypercompetitive Environments," *Organization Science*, 7/3 (May/June 1996): 211-220; Andrew M. Pettigrew and Evelyn M. Fenton, eds., *The Innovating Organization* (Thousand Oaks, CA: Sage, 2000); Andrew M. Pettigrew, Leif Melin, Richard Whittington, Tsuyoshi Numagami, Winfried Ruigrok, eds., *Innovative Forms of Organizing: International Perspectives* (Thousand Oaks, CA: Sage, 2003). On "advanced HRM practices," see Mark A. Huselid, "The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance," *Academy of Management Journal*, 38/3 (June 1995): 635-672; Casey Ichniowski, Kathryn Shaw, and Giovanna Prennushi, "The Effects of Human Resource Management Practices on Productivity: A Study of Steel Finishing Lines," *American Economic Review*, 87/3 (June 1997): 291-313; John Paul MacDuffie, "Human Resource Bundles and Manufacturing Performance: Organizational Logic and Flexible Production Systems in the World Auto Industry," *Industrial & Labor Relations Review*, 48/2 (January 1995): 197-221. On the "cellular form," see Raymond E. Miles, Charles S. Snow, John A. Mathews, Grant Miles, and Henry J. Coleman Jr., "Organizing in the Knowledge Age: Anticipating the Cellular Form," *Academy of Management Executive*, 11/ 4 (November 1997): 7-20. On the "post-bureaucratic type," see Charles Heckscher, "Defining the Post-Bureaucratic Type," in Charles Heckscher and Anne Donnellon, eds., *The Post-Bureaucratic Organization: New Perspectives on Organizational Change* (Newbury Park, CA: Sage, 1994), pp.14-62. On "people-based" forms, see Jeffrey Pfeffer, *The Human Equation: Building Profits by Putting People First* (Boston, MA: Harvard Business School Press, 1998). On the "individualized corporation," see Christopher A. Bartlett and Sumantra Ghoshal, "Beyond the M-form: Toward a Managerial Theory of the Firm," *Strategic Management Journal*, 14 (Winter 1993): 23-46; Sumantra Ghoshal and Christopher A. Bartlett, *The Individualized Corporation: A Fundamentally New Approach to Management* (New York, NY: Harper, 1997).

7. Tuomo Alasoini, "In Search of Generative Results: A New Generation of Programmes to Develop Work Organization," *Economic and Industrial Democracy*, 27/1 (February 2006): 9-37.

8. For more on this, see Raymond E. Miles et al., "The I-Form Organization," *California Management Review*, 51/4 (Summer 2009): 59-74.

9. In reality, built structures are multifunctional: beyond the usage function, they also have historical, aesthetic, social, and other functions. See Donald Preziosi, *Architecture, Language and Meaning: The Origins of the Built World and Its Semiotic Organization* (The Hague, The Netherlands: Mouton, 1979.)

10. Personal interviews with Joel Quadracci and Karl Fritchen, September 26-27, 2007.

11. Personal interviews with Quad/Tech employees, September 26, 2007.

12. Ellen Wojahn, "Management by Walking Away," *Inc*. (October 1983), pp.66-76, p. 76.

13. See Gerald R. Salancik and Jeffrey Pfeffer, "A Social Information Processing Approach to Job Attitudes and Task Design," *Administrative Science Quarterly*, 23/2 (1979): 224-253; Charles O'Reilly, "Corporations, Culture, and Commitment: Motivation and Social Control in Organizations," *California Management Review*, 31/4 (Summer 1989): 9-25.

14. For the recent accounts see Edward L. Deci and Richard M. Ryan, "The 'What' and 'Why' of Goal Pursuits: Human Needs and the Self-Determination of Behavior," *Psychological Inquiry*, 11 (2000): 227-268; Marylène Gagné and Edward L. Deci, "Self- Determination Theory and Work Motivation," *Journal of Organizational Behavior*, 26/4 (June 2005): 331-362. Deci, Ryan, and associates' work began in the 1980s, but despite its empirical breadth and theoretical relevance, most management and leadership research still relies on the earlier motivational theories, including that of Maslow. For example, see James MacGregor Burns, *Transforming Leadership* (New York, NY: Grove Press, 2003); Stephen P. Robins, *Management Today!* (Upper Saddle River, NJ: Prentice Hall, 2000).

15. It can be argued that the highest need in Maslow's hierarchy—self-actualization—is never fully satisfied and so continually motivates people to new action to satisfy it. Though this may be true for a small portion of human beings, even for them Maslow's view of an unsatisfied need is that of a tension that one strives to reduce, which is very different from Deci and Ryan's view of needs as nutriments.

16. We are not ignoring the importance of physical and security needs. A chronically hungry or hurt child obviously won't enjoy playing. At the workplace, whether the majority of employees in the developed countries have their essential physical and security needs satisfied or not is a subject of debate. See, for example, Angus Maddison, *Dynamic Forces in Capitalist Development* (Oxford: Oxford University Press, 1991). More specifically, F-form companies, though not based on Maslow's hierarchy of needs, obviously don't ignore the fact that all employees sign a contract stipulating the material benefits for their work. Regarding the latter, most F-form companies pay salaries within the third quartile, a compromise between their unwillingness that employees stay "just for money" and their awareness that "if we don't pay a competitive wage, our competitors will." Though none offer stock options, they all provide a gain-sharing plan, from stock ownership, to ESOP, to annual performance-dependent bonuses. Such plans' technicalities can be notoriously complex and indeed they differed among the companies we studied in everything but one common feature: they all tried to make it fair and reflect both individual and collective contribution to the results. The fairness mattered in particular because material benefits were not considered as separate but rather a part of all the benefits employees gain through the satisfaction of their universal needs (see Figure 1.) Many liberating leaders referred to it as "psychic income" and were convinced that the F-form companies' extremely low turn-over rate and even "boomerang" rate (proportion of employees who leave and come back) are due to the totality of this income, not only to its material part.

17. Deci and Ryan define relatedness as "desire to love and care, and to be loved and cared for"; competence as a "propensity to have an effect on the environment as well as to attain valued outcomes within it"; and autonomy as a "desire to self-organize experience and behavior and to have activity be concordant with one's integrated sense of self." Deci and Ryan, op. cit., p. 231. 18. Douglas McGregor, *The Professional Manager* (New York, NY: McGraw-Hill, 1967), pp. 10-11 [the emphasis is McGregor's].

19. We prefer these terms to denote people's universal needs rather than Deci and Ryan's "relatedness," "competence," and "autonomy" for two reasons. First, terms such as competence and autonomy have acquired specific meanings in management. Thus, "competence" is often used as an HR term, as in rather command-and-control "competency management" and autonomy is often discussed in "balance" with

control within a company. Second, we want to stay close to McGregor, who talked about treating people as if they are good and about self-direction and self-control.
20. In Tom Peters and Robert Townsend, *Winning Management Strategies for the Real World*, Audio Cassette (Chicago, IL: Nightingale Conant Corp, 1986).
21. Gore's F-form being another early case, but in comparison to Avis, Bill Gore had little to remove since he was building an F-form from scratch.
22. Based on a personal interview, March 3, 2006.
23. Personal interview with Les Lewis, one of the early supervisors, March 1, 2006.
24. One reason invoked for the removal of the HR management procedures in companies like FAVI or GSI was that treating people as "resources"—instead of as human beings—introduces a fundamental intrinsic inequality between them and those who "manage human resources."
25. We observed both the company's U.S. and European facilities.
26. Ellen Bankert, Mary Dean Lee, and Candice Lange, "SAS Institute," *International Journal of Leadership Education*, 1/1 (2005): 93-114, p. 99; the emphasis is in the original.
27. Bankert et al., op. cit., p. 94.
28. Personal interview, May 23, 2008.
29. SAS performance of more than 30 years of profits and growth is indeed spectacular: only less than one tenth percent of comparable companies achieved such sustained competitive advantage (Robert R. Wiggins and Timothy W. Ruefli, "Sustained Competitive Advantage: Temporal Dynamics and the Incidence and Persistence of Superior Economic Performance," *Organization Science*, 13/1 (2002): 82–105). This also means that highly performing over a long span companies are rare—whether of SAS-type, F-form-type or other.
30. Based on many studies of Southwest, we considered including it in our panel of likely F-form companies. It didn't happen, in the end, since we were unable to study it firsthand and interview its co-founder Herb Kelleher.
31. There are several reasons for a leader to elaborate a world-class vision. One, given both by the liberating leaders and many leadership scholars is that a vision, in order to rally people, has to be inspirational. Another, offered by workplace design and transformation scholars is that the organizational design has to align itself with a corporate strategy. See Jeffrey K. Chan, Sara L. Beckman, and Peter G. Lawrence, "Workplace Design: A New Managerial Imperative," *California Management Review*, 49/2 (Winter 2007): 6-22; Arnold C. Levin, "Changing the Role of Workplace Design within the Business Organization: A Model for Linking Workplace Design Solutions to Business Strategies," *Journal of Facilities Management*, 3/4 (June 2005): 299-311.
32. Personal interview, September 24, 2007.
33. Personal interview, March 3, 2006.
34. Personal interview, September 24, 2007.
35. Personal interview, March 1, 2006; other paragraph's details are based on the same interview.
36. Herman Miller is a candidate for an F-form company not studied in this research. For De Pree's leadership philosophy, see Max De Pree. *Leadership Is an Art* (New York, NY: Doubleday,1987); Max De Pree, "The Leadership Quest: Three Things Necessary," B*usiness Strategy Review*, 4/1 (Spring 1993): 69-74.
37. Personal interview with Rich Teerlink, August 15, 2005; personal interview with Jim Ziemer, August 17, 2005.
38. McGregor, op. cit., p. 265. In that passage, McGregor was primarily concerned with the development of managers, but the overall argumentation is resonant with his similar views on human growth in other parts of the book.
39. Our interview took place on March 6, 2006. General Robert McDermott died at the age of 86 of complications from a stroke on August 28th of that year.
40. Changing jobs in these companies may simply require an employee to inform her current leader of her wish and to agree on the plan to phase out her engagement with her current team or project. This approach is very different from the so-called "job mobility" one run centrally by most HR departments.
41. Frederick F. Reichheld, *The Ultimate Question: Driving Good Profits and True Growth* (Boston, MA: Harvard Business Press, 2006), p. 20. NPS is calculated as the percentage of people who on the 11-point scale give 10 (extremely likely) or 9 to the question "How likely is it that you would recommend Company X to a friend or colleague?" minus the percentage of people who gave between 6 and 0 (not at all likely.)
42. Personal interview with Les Lewis, March 1, 2006.
43. Personal interview, September 24, 2007. Bob Davids credits this approach to Robert Townsend, from whom he borrowed it and who was Davids' mentor and friend.
44. The description is based on the following sources: Lars Kolind, *The Second Cycle: Winning the War against Bureaucracy* (Philadelphia, PA: Wharton School Publishing, 2006); Nicolai J. Foss, "Selective Intervention and Internal Hybrids: Interpreting and Learning from the Rise and Decline of the Oticon Spaghetti Organization," *Organization Science*, 14/3 (May/June 2003): 331-349; Nicolai J. Foss, "Internal Disaggregation in Oticon: Interpreting and Learning from the Rise and Decline of the Spaghetti Organization," *LINK*, Department of Industrial Economics and Strategy, Copenhagen Business School, 2000; Pernille Eskerod, "Organizing by Projects: Experiences From Oticon's Product Development Function," in Mette Morsing and Kristian Eiberg, eds., *Managing the Unmanageable For a Decade* (Hellerup: Oticon, 1998), pp. 78-90; Tom Peters, *Liberation Management* (New York, NY: Ballantine Books, 1992), pp. 201-4; e-mail interviews with Lars Kolind, January-May 2007. The unspecified quotes are from Kolind's book.
45. Kolind himself suggests that though it was a setback, overall his project in Oticon of debureaucratizing its environment succeeded. Indeed even today, Oticon is not a typical command- and-control company.
46. Eskerod, op. cit., p. 87.
47. Foss [op. cit.] suggested that Oticon is an example of the impossibility of "hybrid" structures: a mix of market mechanisms—in Oticon, internal competition among projects—and of a hierarchical mechanism—in Oticon, the supervising PPC. It's true that Kolind sometimes refers to *competition* among the projects suggesting, for example, that with more people joining them, the more attractive projects will win over less attractive ones, which should be outsourced or simply eliminated. In that way, a sort of "collective wisdom," rather than senior management, orients product strategy. In reality, though, the Products and Projects Committee never let the "market forces" unfold, if that is in principle possible within a company. See Geoffrey M. Hodgson, "Knowledge at Work: Some Neoliberal Anachronisms," *Review of Social Economy*, 63/4 (December 2005): 547-565; Todd R. Zenger, "Crafting Internal Hybrids: Complementarities, Common Change Initiatives, and the Team-Based Organization," *International Journal of the Economics of Business*, 9/1 (February 2002): 79-95.
48. Personal interview, May 18, 2008.

49. Personal interview, May 17, 2008.
50. Personal interview, September 15, 2008. All other quotes by Kelley, unless specified, come from this interview.
51. See Lawrence M. Fisher, "Ricardo Semler Won't Take Control," *Strategy+Business*, 41 (Winter 2005): 1-11; <www.lumiar.org.br/english/index.html>. Semco is a candidate for the F-form we haven't studied in this research.
52. Personal interview, September 25, 2007.
53. Personal interview, May 18, 2008.
54. Interestingly, Kolind of Oticon understood the importance of maintaining the vision too: "The more freedom . . . we as a company want to give to staff, the more clarity we must create about mission, vision, strategy, and values." The problem in Oticon, as we have seen, was that this clarity has been blurred by a top-down committee that didn't share it, and Kolind wasn't able to catch that on time.
55. For rare examples, see Jeffrey Pfeffer and Robert I. Sutton. *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action* (Boston, MA: Harvard Business Press, 2000), the book adopting the Socratic, "epistemic humility" conception of wisdom; Karl E. Weick and Ted Putnam, "Organizing for Mindfulness: Eastern Wisdom and Western Knowledge," *Journal of Management Inquiry*, 15/3 (2006): 275-287.
56. Burns, op. cit.; Joanne B. Ciulla, ed., *Ethics, the Heart of Leadership* (Westport, CT: Praeger, 2004); De Pree (1987), op. cit.; Robert Greenleaf, *Servant Leadership* (New York, NY: Paulist Press, 2002); James O'Toole, *Leading Change: The Argument for Values-Based Leadership* (New York, NY: Ballantine Books, 1995).
57. "The Future Workplace," *Management Review* (July 1986), pp. 22-25, at p. 23.
58. See for example Robert J. Sternberg, James C. Kaufman, and Jean E. Pretz, "A Propulsion Model of Creative Leadership," *Leadership Quarterly*, 14/4-5 (August-October 2003): 455- 473; Bass emphasizes leaders' "originality in problem solving," Bernard M. Bass, *Bass & Stogdill's Handbook of Leadership: Theory, Research, and Managerial Applications*, 3rd edition (New York, NY: Free Press, 1990), p. 87.
59. Teresa M. Amabile, "A Model of Creativity and Innovation in Organizations," *Research in Organizational Behavior*, 10 (1988): 123-167; Robert J. Sternberg and Todd I. Lubart, *Defying the Crowd: Cultivating Creativity in a Culture of Conformity* (New York, NY: Free Press, 1995).
60. Based on personal interview, September 8, 2008.
61. The motto opens the book by Jean-François Zobrist, *La Belle Histoire de FAVI: L'entreprise qui Croit que l'Homme est Bon* (Tome 1: *Nos Belles Histoires*) [The nice story of FAVI: The company which believes that man is good (Vol. 1: Our nice stories)] (Paris: Humanisme & Organisations, 2007).
62. Robert J. Sternberg, "What Is Wisdom and How Can We Develop It?" *Annals*, *AAPSS*, 591 (January 2004): 164-174.
63. Paul B. Baltes and Ute Kunzmann, "The Two Faces of Wisdom: Wisdom as a General Theory of Knowledge and Judgment about Excellence in Mind and Virtue vs. Wisdom as Everyday Realization in People and Products," *Human Development,* 47 (2004): 290-299, at pp. 295-296.
64. Richard E. Nisbett, Kaiping Peng, Incheol Choi, and Ara Norenzayan, "Culture and Systems of Thought: Holistic versus Analytic Cognition," *Psychological Review,* 108 (2001): 291-310.
65. Michael W. Morris and Kaiping Peng, "Culture and Cause: American and Chinese Attributions for Social and Physical Events," *Journal of Personality and Social Psychology,* 67 (1994): 949-971; Nisbett et al., op. cit.
66. Lao Tzu, *Tao Te Ching*, the definitive edition, J. Star, translator (New York, NY: Tarcher/Putnam, 2001), p. 54.
67. Nisbett et al., op. cit.
68. Patricia K. Arlin, "Cognitive Development in Adulthood: A Fifth Stage?" *Developmental Psychology*, 11 (1975): 602-606; Patricia K. Arlin, "The Wise Teacher: A Developmental Model of Teaching," *Theory into Practice*, 38/1 (1999): 12-17; Michael Lamport Commons and Francis A. Richards, "Four Postformal Stages," in Jack Demick and Carrie Andreoletti, eds., *Handbook of Adult Development* (New York, NY: Kluwer Academic/Plenum, 2003), pp. 199-219.
69. Burns, op. cit., p. 25. Burns, who coined the transforming leadership term, believes it similar and yet different from the transformational leadership later proposed by Bernard Bass. Personal exchange with Burns, August 20, 2005.
70. Personal interview, August 15, 2005.
71. James Mackay, *The Economy of Happiness* (Boston, MA: Little, Brown, and Co., 1906, reprinted by Kessinger Publishing, 2007).
72. John Rawls, *A Theory of Justice* (Cambridge, MA: Harvard University Press, 1971); Edmund S. Phelps, "The Good Life and the Good Economy: The Humanist Perspective of Aristotle, the Pragmatists and Vitalists; and the Economic Justice of John Rawls," Lecture in the Annual Series "Aristotle and the Moderns," Low Library, Columbia University, New York, NY, October 3, 2007.
73. Martin E.P. Seligman, *Authentic Happiness: Using the New Positive Psychology to Realize Your Potential for Lasting Fulfillment* (New York, NY: Free Press, 2002).
74. Interestingly, this specific wisdom and its resulting happiness also constitute a major sustainability advantage for an organization. As O'Reilly discusses in this issue [*California Management Review*, 51/4 (Summer 2009)], organizational cultures composed of "helpers" outperform and outlive cultures where purely individualistic behavior prevails.
75. The F-form may be thought of as simply an alternative—disguised—means of employee control since instead of directly controlling their behavior through orders, policies, and motivational schemes, the F-form culture replaces these with a number of "unwritten rules" that every employee must respect or face "soft excommunication" (one expression we often heard is: "We don't fire people; they fire themselves." For discussion of social control, see Charles A. O'Reilly and Jennifer A. Chatman, "Culture as Social Control: Corporations, Cults, and Commitment," *Research in Organizational Behavior*, 18 (1996): 157-200; see also O'Reilly, op. cit.) However, there are some fundamental differences between both sets of rules. First, in the command-and-control culture, the rules are formal and plethoric, while in the F-form culture they are "unwritten" and few. Second, in the command-and-control culture they are thought up and enforced from on high, while in the F-form they grow up organically from people's own interactions with each other and are enforced by no one of authority but by all members.
76. Personal exchange with Liisa Joronen, May 10, 2009. Despite the reduction in its revenues, SOL remains profitable thanks to its employees' increased initiative and productivity.
77. Heinz K. Klein and Michael D. Myers, "A Set of Principles for Conducting and Evaluating Interpretive Field Studies in Information Systems," *MIS Quarterly*, 23/1 (March 1999): 67-94.
78. Companies are ordered by the year when the adoption of the F-form or similar organizational form began. Only part of the listed companies are referred to in this article others being described in Brian M. Carney and Isaac Getz, *Freedom, Inc.: The Remarkable, No-Cost Way to Lead Your Business to Higher Productivity, Profits, and Growth* (New York, NY: Crown, 2009).