

book club synopsis

may 2015

The Open Organization: Igniting Passion and Performance
Jim Whitehurst

Harvard Business Review Press, June 2015

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chapter one:

why opening up your organization matters

Jim Whitehurst, the president and CEO of open software solutions provider Red Hat, poses the questions: “What is the new organizational model for success? And how do you build it?” Drawing upon his experience at Red Hat—which uses a community-powered approach to high-performing cloud, Linux, middleware, storage and virtualization technologies—Whitehurst offers his thoughts on how businesses should work in the future. He begins by reporting that he often hears his peers lament that they aren’t moving fast enough within their companies to stay competitive. They struggle because:

- When there are opportunities, the typical chain of command is too slow to respond.
- Companies’ central planning takes too long and consumes too many resources.
- Internal resources address challenges without looking outside the organization.

What organizations need, maintains Whitehurst, is an “open organization,” which he defines as one that engages participative communities both inside and out; responds to opportunities more quickly; has access to resources and talent outside the organization; and inspires, motivates and empowers people at all levels to act with accountability. The challenge is to “harness the power of the crowd inside (your employees) as well as outside (everyone else)—especially at scale.”

Whitehurst came to Red Hat in 2008 after serving as the chief operating officer of Delta Airlines and as a vice president and director at the Boston Consulting Group. In *The Open Organization: Igniting Passion and Performance* he offers his road map for developing “a new, open, organizational model that uniquely matches the speed and complexity that businesses must master today.” As he writes, the book is “largely about the lessons I’ve learned on why an open organization is so much better than a traditional one, and how to lead one.” Under his leadership, Red Hat has grown into a company of 7,000 associates, with annual revenues of nearly \$2 billion and a value of \$10 billion.

From crowdsourcing to open sourcing: Both Wikipedia and the Linux operating system use crowdsourcing and mass participation to come up with new ideas, solve complex problems and organize broad movements. Communities spontaneously self-organize around an issue, and work is distributed in a network-like fashion. Those involved are held accountable without a formal hierarchy. But there are limitations to crowdsourcing:

- It may be time-bound—limited by the dates of a competition or focused on the creation of a new product or idea. “What if you could make this kind of engagement standard, not just one-and-done, for how work gets done in your organization so that you’re engaging at this level every single day?”
- It’s a one-way transaction and often depends on enlisting volunteers who have an interest in the project both within and outside the company. “What if there were a way to treat both those outside your company as well as those within your company differently, in a way that truly inspires, motivates and rewards top performance?”

Contrast crowdsourcing then with open-source software, where anyone can contribute to or access code. Open-source communities go beyond one-way and one-time only arrangements; Whitehurst says the “contributors work as a community, building on each other’s work to arrive at the best solution on a complicated problem.” The next step is extending open sourcing throughout a business so that talent from a range of organizations and backgrounds—external

volunteers, employees and in-house teams—come together to work on a solution. When this occurs, people transition to thinking of themselves as members of a community.

“What you need, in short, is to build a culture that truly embraces the notion of being open in every sense of that word,” Whitehurst says. “When you can accomplish that, the results are astounding. This book explains how to lead and manage the open way.”

An introduction to Red Hat: This company—an open organization whose business has been built upon openness, transparency, participation and collaboration—espouses the same philosophy, whether building software code or managing the organization itself. Red Hat’s products power airline systems, banking networks and underlie the majority of stock market equity trades. “We’ve found that the best practices in creating open-source software also translate well into managing the entire company,” Whitehurst says.

- **A new management paradigm:** Red Hat’s open organization leverages the power of participation to generate consistent financial results and enable it to have a competitive advantage over far larger rivals. It has harnessed the power of what has been referred to as the “network effect” by connecting people and ideas.
- **Basic principles of the management system:** Whitehurst cites the best practices that drive the organization: “People join us because they want to. Contribution is critical, but it’s not a quid pro quo. The best ideas win regardless of whom they come from. We encourage and expect open, frank and passionate debate.” Whitehurst welcomes feedback and makes changes in the spirit of “release early, release often,” or the practice of making numerous small incremental changes, rather than several large ones.
- **Bottom-up culture:** The company emerged from the open-source ethos and learned how to execute it at scale with a leadership system that works. This is an open, community-driven culture that allows an organization to “get more done, faster and with more innovative results.”

Leading the open organization: In his previous jobs, Whitehurst focused on identifying and solving problems, whether it was restructuring Delta or advising companies at BCG on how to manage people and get work done. And he adhered to traditional management beliefs that emphasized top-down management. But he knew things would be different at Red Hat, starting from the first interview: It took place on a Sunday in a coffee shop with the company's current chairman (and former CEO). Then he lunched with the general counsel at a Mexican restaurant, where he was asked to pay for his and the interviewer's meals. Red Hat was not rolling out the red carpet for him.

"There wasn't a traditional hierarchy and special treatment for leaders, at least not the kind that you might find at most other companies," Whitehurst says. "In time, I also learned that Red Hat believed in the open-source principle of meritocracy; that the best idea wins regardless of whether the idea comes from the top executive or summer intern. Put another way, my early experiences with Red Hat introduced me to what the future of leadership looks like."

- **A new view of numbers and culture:** At Delta, Whitehurst believed leadership meant making sure people were executing and held accountable for metrics. While he still cares about numbers (as a public company numbers are always in focus), he now has other priorities. "I spend the majority of my time thinking about our strategic direction and culture and talking to customers, rather than worrying if things are being done precisely as I would choose," he says.
- **Trusting people to do the right thing:** Leadership means being hands-off and allowing people in the organization to self-direct and make their own decisions.
- **Top-down decision-making doesn't work:** "Our people expect—actually they demand—to have a voice in how we run the company, ranging from the mission statement to the travel policy," Whitehurst says. When he proposed a plan early on that the team did not agree with, they rebelled: "I had to build credibility and influence with the whole team before I could truly make an impact."

- **A leader’s effectiveness is no longer measured by his or her ability to issue orders:** Whitehurst says his job is to create the context for Red Hat associates so they can do their best work. “My goal is to get people to believe in the mission and then create the right structures that empower them to achieve what once might have been impossible.”

Your new playbook for leading and managing:

The chapters that follow demonstrate how to rewrite the rules for getting work done by harnessing the power both inside and outside your organization. The book is organized into the “why,” the “how” and the “what” and focuses on best practices.

- **The conventional enterprise—“cascading down”:** The “what” (setting direction) depends on command and control and central planning. The “how” (getting things done) depends on hierarchy, title and rank. The “why” (motivating and inspiring) relies upon promotion and pay.
- **The open organization—“bubbling up”:** The “what” involves catalyzing inclusive decision-making. The “how” relies upon a meritocracy and letting the sparks fly. The “why” involves igniting passion and building engagement.
- **Stoking employees’ passion and engaging the workforce.**
- **Building a meritocracy** and why everyone in an open organization has to gain a level of influence through merit.
- **How leaders need to open themselves up** to find ways to encourage collaboration.
- **Decision-making:** While it can be a lengthy process, once accomplished, it enables faster execution.
- **The changing nature of leadership** within a community.
- **What the future of open-source organizations looks like** and what could be possible because of them.

“What follows,” emphasizes Whitehurst, “isn’t management theory. Rather it is an empirical observation about how Red Hat and other companies on the cutting edge of management operate and lead.”

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chapter two:

igniting passion

This chapter explores the importance of purpose and passion as powerful forces for change in the open organization. “Purpose is a baseline,” says Whitehurst. “But when you add passion, it’s like pouring gasoline on the fire.” Here’s his prescription to achieve that goal.

It starts with a purpose: Purpose is often misunderstood. It’s not what a group does but why it does what it does, observe the authors of *Collective Genius*, a book about leadership and innovation. It’s not a goal but a reason—the reason it exists, the need it fulfills and the assistance it bestows. It’s the ingredient that fruit spread producer the J.M. Smucker Company (“Bringing families together to share memorable meals and moments”), Disney (“To use our imagination to bring happiness to millions”) and Charles Schwab (“A relentless ally for the individual investor”) depend on. Whole Foods founder John Mackey has written, “People are most fulfilled and happiest when their work is aligned with their own inner passions. Personal passion, corporate purpose and business performance all go together.”

Red Hat derives its purpose and calling from its open-source software. Employees believe it’s critical that its code is free and open and its products are 100 percent open source. “What sets open organizations apart, and what gives them a true competitive advantage, is that they also have embraced the idea that they need to activate the emotional passions and desires among their workers to actually reach that ultimate destination as defined by their purpose,” says Whitehurst.

Rethinking the role of emotion in the workplace: In management science and theory, people are often stripped down to their bare essentials: They're portrayed as rational, value-maximizing, unemotional cogs. Through this lens, the roles of inspiration, enthusiasm, motivation and excitement in people's behavior are undervalued. "Do you really want employees to check their emotions at the door?" asks Whitehurst. "What sets the best companies apart from their competition is their ability to attract the kinds of innovative, intelligent, and, yes, emotional workers, who want to do far more than just show up and punch a clock."

The leader's role—leading a passionate organization: How do you build, leverage and measure passion among workers and other community members? Surveys are often created to gauge employee engagement and morale. While they can serve as guides, leaders will know success when they see it. Whitehurst saw it, for example, when Red Hatters fought back against an attempt by a strategic partner to issue a competing Linux product. They quickly struck back with an "Unfakeable Linux" website and T-shirts. "What's remarkable is that this wasn't an isolated moment in Red Hat history," he says. "Every day, the passion of the people who work at Red Hat bubbles up to the surface."

Whitehurst advises:

- **Make it personal and become the "cheerleader in chief":**
A key part of the leader's role is to encourage employee passion through personal action. When a new product on Fedora—a free community distribution of Linux—is released, for example, Whitehurst tries to be one of the first to download it and offer his comments on the community message board.
- **Break down barriers:** Leaders should encourage everyone to let down their guard and "let their passion rip." According to Whitehurst, "passion is adrenaline—the rocket fuel that propels people to walk through walls to make the place successful."

- **Hire passionate people:** Not all employees will go as far as the three Red Hatters who proudly sport tattoos of Shadowman, the company's logo. But a less dramatic way for workers to show their enthusiasm has been through the Red Hat Ambassadors program, an associate referral initiative that, in two years, has brought in more than half of the company's new hires. Its tagline is "No one can spot a potential Red Hatter better than a current Red Hatter." A first-level "Super Ambassador," who brings in one referral, receives a T-shirt and sticker; a second level "Mega Ambassador" (three referrals) gets a sticker, a 25 percent cash referral bonus and a hoodie; the third-level "Ultimate Ambassador" (five referrals) gets a onetime 100 percent bonus match, a special cape or jacket, entry into an annual prize drawing and an invitation to join the program's advisory board.
- **Rethink your job interviews:** When you meet with candidates, pitch them macro-level questions: Where do you think your previous/current company is going? What do you see as its future? How do you see it positioned? Try to discover their level of curiosity. "If you're really trying to understand the whole business and clearly have opinions about it, that says you're not spending 100 percent of your time just making sure you nail your own job," Whitehurst says.

Recognize and reinforce passion: Find ways to reinforce the kinds of behaviors that you want to see throughout the entire culture.

- **Encourage active internal message lists and emails.** When employees are willing to share their passions openly, it changes what it means to be a leader. "When you have passion inside your organization as Red Hat does, a leader and manager's role becomes more about creating context and reinforcing what purpose and end goal the organization is working toward," says Whitehurst.
- **Focus on internal employment branding that celebrates the people and activities in your organization.** Red Hat creates a quarterly video, "The Show," that reports on what is going on worldwide within the company and holds special viewing

parties in all Red Hat offices. “The Show” has highlighted a Red Hatter who made his own Iron Man Halloween costume using open-source designs he pulled from the Internet, as well as some of the creative parties Red Hatters have thrown.

- **Celebrate the company with a big event.** Red Hat sets a week aside annually—“We are Red Hat Week”—to focus on the people, culture and brand. Think of it as analogous to your alma mater’s Homecoming Week. “By bringing associates together once a year to celebrate our identity as a company, we increase engagement, loyalty, and a healthy sense of pride,” says Whitehurst. It’s also developed using open-source methodology so that everyone has a say in what the week will entail.
- **Make corporate contributions a collaborative effort.** Let your employees tell you where the contributions should be going. The annual holiday donation at Red Hat, which is now one of the company’s most popular traditions, grew out of a decision by Red Hatters not to throw a lavish holiday party during the recession but instead to give the money to a few national charities they selected.
- **Keep the fires in check.** Once the flames have been stoked, the challenge is often to keep focus when things begin to run amok. There is often more than one side to an issue, and it is the leader’s job to maintain the balance.

“If you look through the right lens, every organization has the potential for world-changing impact,” Whitehurst says. “The role of a leader is to foster passion around that impact and to keep that passion alive by reinforcing it every day.” In Red Hat’s case, that means advocating for the power of open source or championing its role in bringing positive change to the world. “If your workers believe that what they are doing in their daily roles means far more than simply padding the company’s bottom line, that they truly have an impact on the world in some way, what they can accomplish will be amazing,” he says.

Whitehurst's leadership tips:

1. **Passion is contagious.** Begin to personally display emotion, and others will follow.
 2. **Most companies have a stated purpose or mission.** If yours doesn't, advocate developing one. If it does, make sure you integrate it into your dialogue with others and that it's part of everyday discourse.
 3. **Add passionate words to your vocabulary at work, like "love," "hate," "excited" or "upset."** It should be easy—you already use them at home. Others will start to use them if you do.
 4. **Add questions to tease out passion when you interview.**
Ask: "What inspires you?"
 5. **Create vehicles for people to show their unvarnished selves.**
Company outings or team-building events need to allow for some silliness.
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chapter three:

building engagement

While offering perks such as food, on-site gyms and dry cleaners may encourage employees to hang around the office, they “aren’t in themselves tools that engage,” says Whitehurst. “True engagement comes from, well, engaging. It’s about leaders making themselves available for constant dialogue with employees.” Today’s workforce, particularly millennial employees, expect to be heard. They want their leaders to be accountable, explain their decision-making and own the results. “Purpose and passion are about creating meaning and excitement in one’s work, while engagement is more about channeling that energy toward the specific areas that drive a company’s success. It’s about attention to the whats and hows of the company’s strategies and tactics,” Whitehurst says.

Engagement is also more than employee job satisfaction and your company’s feelings about compensation and benefits packages. Red Hat uses a Net Promoter Score (NPS) that asks employees if they are willing to recommend the company to others. When Red Hat surveys its workers, it looks for people’s responses to the following statements:

- The people I work with are passionate about Red Hat’s mission.
- Associates at Red Hat take accountability for their work.
- I believe Red Hat has a culture that allows me to learn and grow.

Instead of trying to measure employee morale or happiness, these questions aim to determine if Red Hatters understand the business, how it relates to their jobs and if they view others in the organization

as engaged. “If a key goal of the open organization is to build the capability for members to make their own decisions, act quickly, take initiative, and creatively solve problems, then engagement is critical,” Whitehurst says. Nordstrom’s one and only rule is, “Use good judgment in all situations.” And, as Starbucks’s former president Howard Behar has said, “The person who sweeps the floor should choose the broom. . . . We need to get rid of rules—real and imagined—and encourage independent thinking.” The leader’s primary job is to “create context for his or her organization,” maintains Whitehurst. This chapter charts the way.

The power of engagement: When Delta Airlines filed for bankruptcy in 2005, Whitehurst was the company’s chief operating officer. He found that by meeting with employees and encouraging them to ask questions about the recovery plan, their level of engagement rose—even if their jobs were at risk. From this experience Whitehurst learned:

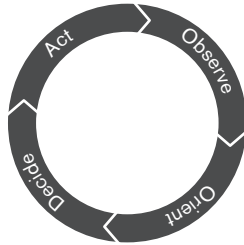
- When there is bad or tough news to be delivered, do it in person, open and honestly, without sugarcoating.
- Employees want context: to know the whats and whys of the company’s direction and to be part of the organization’s direction.
- If they are to build their credibility and authority, leaders must be accessible, respond to questions, acknowledge mistakes and say they are sorry.

“All employees want a sense that their work is making a difference,” notes Whitehurst. “They want to know how what they do is important to the whole.”

Engagement is the foundation: When you have an engaged workforce, it alters decision-making on what needs to get done. Consider the OODA Loop, a circle that is composed of segments identified as “observe, orient, decide, act.” People are constantly processing information—whether it’s the location of an enemy combatant in a fight or a competitor’s actions—before they will act on what they see. The faster individuals can observe and act, the more effective their actions will be. In standard management, decisions go up and down

a chain of command before action is taken. As the “observe and orient” functions move through the hierarchy, helpful information may be filtered or lost, important signals missed and time taken up.

The OODA Loop



Contrast this with the open organization, which empowers the people making the observations to act on that information without waiting for it to go up the decision-making ladder.

- “Release early, release often” or “fail fast,” which are key open-source principles, tighten the feedback loop.
- Everyone has to have a sense of strategy and why it will be successful.
- Everyone needs to understand how individual actions contribute to the strategic goals.

Engagement also greatly improves another key management function: control. When people are accountable to their peers, they self-police and are more aware of the impact of their decisions and actions on others within the organization. “An open organization is focused on driving innovation and keeping ahead of market trends, not devoting scarce people power to missteps better left for peers to solve,” Whitehurst says. Peer-to-peer management also results in celebration and support among individuals.

Leveraging 360-degree accountability: In the traditional organization, accountability flows up. In the open organization, as a leader, everyone is accountable to each other. “I and all Red Hat managers are accountable to everyone in the organization for knowing our

strategy, listening, engaging,” says Whitehurst. “My job is to explain not just what we’re doing as an organization, but also why we’re doing it. It’s to inform and give context for our collective actions.” The leader’s role is to let people know how important they are and how they fit in.

- Email and tweets allow the leader to share and get feedback. Whitehurst gives out his personal email address, reads the messages that come in and responds personally. Employees know that it is he—not some surrogate—who is answering.
- Informal town hall meetings and chat sessions allow leaders to answer employee questions.
- Listen to what your employees have to say: Your focus may not be what they are focusing on. You need to pay attention to what is on their minds—not yours. If this is to be a give-and-take, then you have to address their issues proactively before they’ll engage on what is on your mind.
- Admit your mistakes. Red Hat once spent \$100 million on a company with a product many employees disliked—and when the company put it into the marketplace, customers agreed. “A giant dud” is how Whitehurst describes it. He admitted his mistake, pulled the product and retooled it before a relaunch.
- Go beyond an apology to explain your decisions. Share the rationale for significant decisions when the members of your organization weren’t directly involved in the decision-making. “Your responsibility is to create the context, framing and explanation for why you chose a particular path,” Whitehurst says.
- Recognize that you potentially have thousands of bosses: your associates and community members.

Scaling up engagement: Leaders must develop communication channels that can reach employees who may be far-flung. Technology can help but isn’t the only tool available. The grocery chain Wegmans created “Meeting in a Box,” a template of talking points, videos, FAQs and feedback-gathering tools that managers use to facilitate

employee conversations about everything from health benefits to the company's finances. At companies in the SRC family, low-tech "huddling," where employees gather around whiteboards or easels to discuss issues, is another example. Red Hat's communication vehicles include:

- **Announce-list:** An email list that shares information that probably won't need or require conversation.
- **Memo-list:** An email list where the company posts informal things that are likely to have a wide impact and spark debate.
- **Topic-specific list:** On the Cloud-Strategy List, for example, associates most interested in cloud computing will discuss and debate topics.
- **Blogs:** The place in the organization where employees have something really thoughtful and substantial to share. Not everyone will read the blog, but this tool allows for a deeper exploration of a narrower subject.
- **Wikis:** The place for a more structured debate and feedback.
- **IRC (or instant messaging):** Quick, casual and easy way to connect when people need to stay in touch or solve a problem.
- **Email:** While it can be a slow means of communicating, it can be collaborative and is a recorded media that can hold data that may be harder to capture through instant messaging.
- **Illuminate:** Web conferencing program where people share presentations and keep a record.
- **Etherpad/social Intranet:** Tools, one of which is Mojo, that offer interaction and online collaboration on documents and notes.
- **Video conferencing:** Video meetings, where face-to-face connections are not possible, provide a feeling of being together.

- **Opensource.com:** The company scaled up externally when it launched an external website open to its extended community. This “community service” has content, including articles about how open source has been woven into areas such as government, education and health, posted by insiders and outsiders.

Move beyond the old-fashioned suggestion box, urges Whitehurst: “The worst possible thing is if employees contribute their best ideas and nothing happens.”

Whitehurst’s leadership tips:

1. Enter every interaction with people in your organization believing that each person is equally accountable for his or her contributions and performance to everyone else, regardless of relationship reporting.
2. If your boss is not providing the appropriate context, ask for it. Most bosses are happy to share.
3. Understand the tools and vehicles your company has for internal communications. Use them or advocate for better ones.

For people managers:

1. Use every interaction as an opportunity to share context and knowledge.
2. Equip your team with the skills and knowledge to be successful.

For individual contributors:

1. Don’t wait for your manager to provide context. Be proactive and understand your company’s strategy and what you can do to make it successful.
2. Engage with your peers; learn from them and let them learn from you.

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chapter four:

choosing meritocracy, not democracy

People who work in a hierarchical organization know how it is structured: The organizational chart makes clear that directions flow top-down. What happens when you work in an organization with a different structure? Who makes decisions? How are disagreements adjudicated? Red Hat sees itself as modeled upon what the ancient Athenians called *politeia*, which Whitehurst describes as “a community of citizens” built upon a meritocracy. As Brook Manville and Joshiah Ober observe in their book, *A Company of Citizens*: “Merit means that decisions are based on the best case put forward; excellence, not position, prejudice, or privilege, is the criterion for choice. In a company of citizens, the best case for action is that which carries the day after the open, sufficient and informed debate.”

At Red Hat, the primary responsibility for leaders is to build and support the company’s meritocracy by making sure the right people are working together on the right things. The people who are closest to the issue, rather than those responsible for the overall direction of the organization or team, tend to make the decision. This chapter looks at how people are empowered to make decisions and who decides who can make a decision.

It’s not a democracy: Decision-making in both hierarchies and democracies have been proscribed and codified. Not so in the participative organizations where everyone has the chance to lead and follow. Informal leaders, however, do emerge and are critical to the overall management system. Red Hat’s culture is a meritocracy, a system of government or other administration where responsibilities

are objectively assigned to individuals based upon their merits, namely intelligence, credentials and education. Everyone has a chance to be heard—although some will be heard and listened to more—and the collective empowers and chooses its leaders and influencers.

When Whitehurst worked at the Boston Consulting Group, some people within the organization were categorized as “thermometers,” people who reflected the temperature of the organization. Others were known as “thermostats,” known for setting the temperature. “The challenge for most companies, though, is that while everyone knows who the thermostats are, it’s very rare that anyone takes real advantage of his or her potential influence,” notes Whitehurst. Companies need to openly recognize the thought leaders and to leverage the thermostats to drive innovation and decision-making forward. “When it’s time to make big decisions to get people onboard with new initiatives, you need to find ways to get the thermostats in the action as early as possible,” he says.

The open-source way—leadership is earned: Whose ideas will get more time and attention and how do you assign merit in a modern corporation? The first step is to attract followers: Peers have to select you as their leader based on how effective they think you are. In open source, there’s a phrase: “The code talks.” In open-source engineering projects, the people who tend to earn the most influence write the best code, contribute new ideas or have a gift for finding what are known as “bugs” in the code. “Successful open-source software projects and, by extension, open organizations are those in which the most influence over the direction lies with the people who contribute the most meaningful work,” says Whitehurst.

Building a culture of thought leaders: “You don’t need people reporting to you to create change and get yourself heard,” says Whitehurst of a meritocracy. Job title and promotion do not guarantee being heard and individuals can grow their scope and influence without having to change jobs. “The people who are listened to have earned the respect of their peers, regardless of their position or role in the company.” While some people may want to be

promoted, others do not and can be praised for their achievement. In open organizations, “People can excel and achieve what they are best at and still build influence, without necessarily having to do a job that they may not like as much or be as good at doing.”

The leader’s role—empower your rock stars to follow their passion:

Some companies give employees time to pursue their own passions for a set period of time. Red Hat promotes the idea that different people earn different degrees of latitude to spend their time innovating. In some cases, this can be 100 percent. One employee, who created her own job, says, “One of the cool things about working for Red Hat is that we give people enough leeway to go out and find your own role. You get to design your own destiny. Nobody is going to create your career path for you.” A critical component of the management system is self-direction, which focuses on initiative and freedom. So what’s the leader’s role in this?

- Play a vital role in building, supporting and moderating the meritocracy. You will be challenged to find the balance between supporting it and leaving things alone.
- Avoid the temptation to squash the organic nature of how the meritocracy might self-organize. When you try to systematize and sanitize your organizational culture, for example, you might also create shortcuts for underachievers, which runs counter to what a meritocracy represents.
- Engage your thermostats. Most people know who the thought leaders are. Find the best ways to use these people, regardless of their role in the company, to propel innovation forward.
- Let your employees define their own jobs. At Edward Jones, for example, the company’s associates write “responsibility statements.” Jim Weddle, the firm’s managing partner, says that with responsibility-based management, decisions are made by the people who are the experts because they are the ones doing the work: “It makes us more nimble, more able to make good decisions quickly.”

The path to earning respect as a leader: How would you be perceived in your own organization's meritocracy? Have you earned your associates' respect? Here are three ways to go about it:

- Show passion for the purpose of your organization and constantly drive interest in it.
- Demonstrate confidence.
- Engage your people. Earn their trust, be open about your weaknesses and ask your team to help you address them.

"If you really want to learn, seek out those people who present a divergent viewpoint and who will tell you what you need to hear, even when it's not easy," says Whitehurst. "No one expects leaders to know everything all the time, but we do expect our leaders to be truthful and forthright." And recognize that this system is "a work in progress, but is still a system that is light years ahead of the conventional organization approach."

Whitehurst's leadership tips:

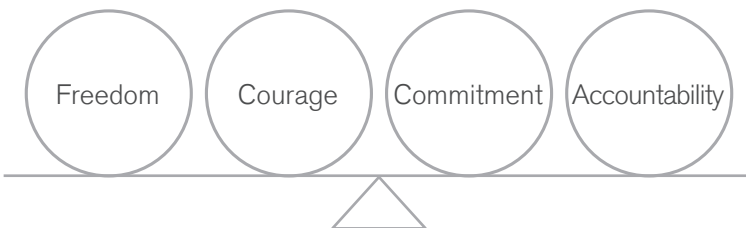
1. Don't use phrases like "the boss wants it this way" or rely on hierarchical name-dropping. While that may get things done in the short term, it can curtail discussion that's core to building a meritocracy.
2. Publicly recognize a great effort or contribution, for example, through a simple thank-you email copying the whole team.
3. Consider whether your influence comes from your position in the hierarchy (or access to privileged information) or whether it truly comes from respect that you have earned. If it is the former, start working on the latter.
4. Proactively ask for feedback and ideas on a specific topic. Respond to all, but implement only the good ones. And don't just take the best ideas and move on; take every opportunity to reinforce the spirit of meritocracy by giving credit where it's due.
5. Reward a high-performing member of your team with an interesting assignment, even if it is not in his or her usual area.

chapter five:

letting the sparks fly

At Red Hat, passion and debate are the norm, with the best ideas happening when teams hash things out with public, open disagreement. “Even our values—freedom, courage, commitment, and accountability—intentionally create a degree of tension,” says Whitehurst. “Our values, usually represented as balls on a scale to show that balance, also illustrate how debates in a highly collaborative culture can, in fact, be quite productive.” The tension and conflict between the values, such as freedom versus accountability, are critical to the company’s associates. This chapter delves into how solving problems head-on is critical to the company’s highly collaborative and supportive culture as it works to solve IT challenges both within and outside. “We debate, we argue and we complain,” says Whitehurst. “In many ways, it can seem harsh. But iron sharpens iron, and we’ve come to embrace the notion of letting the sparks fly.”

Red Hat’s four values



Beyond brainstorming: The classic brainstorming model focuses on positive reinforcement with feedback used to stimulate people's participation and creativity. A basic ground rule is that "there is no such thing as a bad idea." One basic tenet—"do not criticize"—has been challenged by University of California professor Charlan Nemeth, who calls it a counterproductive strategy. "Our findings show that debate and criticism do not inhibit ideas but, rather, stimulate them relative to every other condition," she says. "Maybe debate is going to be less pleasant, but it will always be more productive. True creativity requires some trade-offs."

- **The dangers of groupthink:** William H. Whyte, author of *The Organization Man*, posited that when a group of people work together, there is a tendency to try to reach some sort of harmony and minimize conflict. That can potentially lead to poor results. "There's almost a constant bias for us to go along with the will of the crowd—to please others and fit in regardless of whether we truly agree with the consensus," he writes.
- **Creative abrasion:** The authors of *Collective Genius* point out that when there is a level of conflict—whether a disagreement, contention or argument—within a community that has a shared purpose, values and rules of engagement, this is helpful and can keep the conflict productive rather than destructive.
- **The importance of candor:** The film studio Pixar—which produced *Toy Story*, *A Bug's Life* and *Cars*—encourages creative debate characterized by forthrightness and frankness among its people. "A hallmark of a healthy creative culture is that people feel free to share ideas, opinions and criticisms," says Pixar co-founder Ed Catmull. "Lack of candor, if unchecked, ultimately leads to dysfunctional environments."
- **The value of stirring the pot and dissension:** In open-source communities, it's usual to find online forums and chat rooms marked by spirited and often caustic back-and-forth debates. Even Linux founder Linus Torvalds has spoken out on a Red Hat mailing list about a code change: "Quite frankly this is

[bleeping] moronic. The whole thing seems to be designed around stupid interfaces, for completely moronic reasons: Why should we do this?”

- **Collaboration and debate affect every decision Red Hat makes as a company:** At traditional software companies there is little or no public debate about new features or changes the company might be working on. When the product is ready, the company simply ships it out to customers and moves on. Contrast this approach with Red Hat’s, where there is an almost constant debate about what changes might be needed and—most importantly—why they’re needed.

Adopting a new mindset: The “elephant in the room,” says Whitehurst, is that people may recognize a problem but refuse to acknowledge it since this would lead to pain and conflict. Instead, they are “terminally nice,” and fail to initiate difficult conversations or stop short of their full potential because the hard issues are not addressed. Not so at Red Hat: “No matter what you bring up, you can expect someone to challenge you. The beauty of this approach is that you will always have multiple views from different people to use as you form your own opinions,” says Whitehurst. Whether it’s memo-lists, a Web-based forum or an internal blog such as that developed by HCL Technologies CEO Vineet Nayar—who posts strategic problems he’s working on to collect feedback and ideas and asks for help from anyone willing to share thoughts—the goal is to get people to offer their own ideas. Once the ideas show up, the key is to strive to find the balance between shutting down debate when posts become caustic, while also continuing to push people to give you the kind of frank feedback you’re looking for.

Growing a thick skin: What do you do when there is pushback and negative feedback? How do you react when the “pool full of piranhas” strike, as one Red Hatter said of open communication channels? “You really have to check your ego at the door and recognize that there are a lot of other smart people working here, and that by getting their feedback and point of view, you’re going to be better at what you do,” says Kim Jokisch, who directs Red Hat’s employment branding team. At the same time, you have to recognize

that there are different cultures within a company (and different reactions) and recognize respect and have flexibility in understanding and engaging with them.

The leader's role—knocking down barriers to communication: At traditional organizations there are often visual clues as to the status of people within an organization. While everyone may dress casually, there may be other signs such as a parking sticker or designated spot. Even if you have abandoned your suit for khakis, you may still stand out if the rest of your colleagues wear jeans. “Formality and visual cues could become barriers to collaboration,” says Whitehurst. “People at Red Hat express themselves through their personalities, not their clothes or their rank.”

- **Find ways to build your street cred.** Whitehurst learned how to build rapport when he attended a Fedora Users and Developers Conference on his first weekend at the company. He wore a Fedora T-shirt and blended in. “Wearing the T-shirt bought me some added geek cred,” he says. “The little symbolic things can make a real difference.”
- **Remove the forms of special treatment today's executives seem so entitled to.** Sit and dine with your colleagues, join others in lugging huge computer servers to the trade shows and, when the sink in the kitchen clogs, use the plunger as your colleagues might. “Just as any entrepreneur can't be too proud to tackle a job that needs to be done, so too do executives,” Whitehurst says.
- **Consider when to use your title.** One executive at Red Hat doesn't print his title on internal emails and even externally identifies himself as “the support dude.”

Whitehurst's leadership tips:

1. Proactively invite feedback and then thank those who give you constructive or negative feedback. Feedback is a gift. As a leader or manager, if you react defensively, you are unlikely to get it again.

2. Start a debate. If your organization isn't used to open, frank debate, start with easy topics. Make sure no one takes it personally.
 3. If forums don't exist for healthy debate, create them. If you're a people manager, debating with your team is easy. If you're an individual contributor, find ways to initiate dialogue with others in the company.
 4. Recognize the myriad barriers to frank dialogue. For example, never start a contentious conversation on opposite sides of a desk, and recognize that offices are home turf. Pick neutral places.
 5. Does your organization avoid the "elephant in the room" conversations? If so, think about what role you can play to initiate those discussions.
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chapter six:

making inclusive decisions

Traditional hierarchical organizations typically have strategic planning departments, with decision-making centering around the responsible person making an informed decision after receiving the facts and data gathered by the team. Decision-making like this can be very efficient, since an individual makes the call. At the same time, the process relies upon the right information flowing up the chain of command, and the decision-maker having the appropriate context to make the decision.

Decision-making itself can be fast, but then the hard work begins. In this chapter, Whitehurst focuses on what he sees as key: the missed opportunity to build understanding, trust and buy-in among employees. “If you include the very people who will be affected in your decision-making, change management becomes unimportant,” he says.

The power of including others: Today’s employees, particularly millennials, expect to have a greater voice in the workplace and want to express their opinions. This culture shift means that they may want to participate but not always see eye-to-eye with management. “I have learned the value of getting associates involved in creating the solutions rather than just sharing the decisions with them afterward,” says Whitehurst. “One of the worst sins I can commit, as a leader at Red Hat, is to surprise the organization with a decision I make.”

- Talk to the people with whom you work, and if they are far-flung, use technology as your ally.

- Move the majority of change-management activities into the decision-making process. While it may be a slow and painful process to make the decision, you are likely to make a better decision and get more buy-in, which then results in speed and efficiency in the execution of the decision.
- Even if confidential information is involved, try to share as much as possible with your colleagues as soon as you can.
- When you make an unpopular decision, explain why you think the change is needed—and be prepared to defend your rationale. You, as the leader, however, are the ultimate decision-maker.
- Open your decision-making up by breaking down conventional organizational hierarchies. Be transparent to your teams.
- Use the feedback cycle that occurs to enhance your decision.
- Keep an open mind. You may move ahead with an unpopular decision, but continue listening to feedback and constantly evaluate whether your decision was, in the end, the best it could be.

Red Hat's senior director of support for the Americas, Lance Phillips Reed, found his colleagues bucking an early decision that he tried to impose on them. "I learned that at Red Hat almost nothing happens top down," he says. "If you want to change something here, you need to socialize it, pull feedback, and build a movement around that change. The painful part of that process is that, for managers, it takes much longer to get any change effort moving. The benefit, on the other hand, is that the adoption phase of change management is significantly shortened as you theoretically already have the buy-in."

Making transparent decisions: How Red Hat arrived at its mission statement—"To be the catalyst in communities of customers, contributors and partners creating better technology the open-source way"—illustrates the role of open decision-making in enhancing the product. Building upon the philosophy of "release early, release often," Red Hat's leadership shared an early draft via memo list and Whitehurst's blog with all associates, asking which

parts resonated most, what needed changing and what they would suggest. The result was a thoughtful discussion among the associates on why they were doing their jobs. “By asking employees to become part of the process and then taking some of their best feedback and using it to improve the mission itself, we gave them ownership of the mission,” Whitehurst says. “Red Hat’s mission statement is about not only what we do but also how we do it.”

Deciding inside out: Every five years, Whole Foods brings together customers, vendors and other company stakeholder groups to collaborate on a five-year strategic vision known as “Future Search.” The annual Red Hat Summit brings together customers, partners, community enthusiasts and Red Hatters in a similar manner. In planning the event, the bottom-up approach is again utilized. In 2014 the company received 686 proposals that were eventually winnowed down into 200 different sessions, panel discussions, hands-on discussion and more. Once more, the notion of a meritocracy prevailed.

Getting started: It’s easy to get started, and you, as leader, can experiment how broadly to include others. But be prepared that many people may not want to participate, says Whitehurst. “Not everyone wants to be a leader or make decisions that affect others,” he says. “It also takes time for groups to rewire themselves to make decisions. Including broader parts of your organization in decision-making is something to approach incrementally.”

Whitehurst’s leadership tips:

1. When you make your next decision, reflect on whether it was influenced by others’ points of views. If so, did their influence change your decision? If not, how might the decision have been different if you had considered others’ perspectives?
2. Ask one or two thought leaders on your team their opinions on something you’re considering. They won’t question your competence or decisiveness; they’ll feel flattered.

3. Before making your decision, ask yourself whether others will be surprised. If so, think about including them before finalizing it.
 4. Pick an issue and try openly discussing it with a broader group, whether in a staff meeting or an informal gathering. After a while, it will become natural.
 5. Try to observe the difference in execution of decisions that were made openly with input versus those that truly came from the top down.
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chapter seven:

catalyzing direction

The purpose of the open organization management model is to build an organization that can thrive in the new economy—one that can respond quickly to external changes without relying on running things up the chain of command. While traditional organizations will rely upon strategic planning departments to set direction, with management and consultants producing top-down directives, this approach will not pass muster in an open organization filled with passionate and engaged people.

This chapter poses several questions: “How do you, as a leader, set the direction in which the company is going?” You may be the commander in chief but you can’t issue an order and expect that it will be followed. “How do you get the organization to do different things, or do things differently? How do you as a leader get everyone in a participative company to change or move together in the same direction?”

Introducing the catalyst in chief: Picking up on the theme of Red Hat’s mission statement, Whitehurst sees himself as the organization’s catalyst, or an agent that protects or speeds significant change or action. As the change agent, he can call meetings and get people to talk about what is thought of as important, to pose questions and get answers and to structure areas of work. He compares himself to a dock piling at an ocean shore: Barnacles cling to it and in turn, attract additional sea life and a life cycle begins. “The piling created the context and vehicle for life to congregate,” he says. “It fosters a new community, which is a key dynamic of catalyzing an open organization.”

The leader's role—leverage your soap box: Leaders can bring people together and set agendas for discussion. But rather than issuing top-down directives, leaders should poke and prod people on issues that they believe are important. “My job as catalyst is to stir the debate and ignite the conversations,” says Whitehurst. That requires a place, such as quarterly company meetings or smaller forums, where leaders can interact with employees.

While leaders are often uncomfortable sharing plans that aren't fully formed, offering thoughts to the larger constituency can strengthen ideas or lead to innovations. “In a participatory organization, this is a great time to engage,” he says. “It often means articulating aspirational goals (as long as they are consistent with the purpose and values) without specifics on how to get there.” Whitehurst wanted to focus more on customer needs, for example. When he shared his concerns with associates, one of the concepts that emerged was the “swarm,” which was made up of a cross-departmental team of service reps and engineers with different skill levels who took up a customer problem rather than just kicking it up the line. Today, Red Hat teams across the business—from product documentation to legal—are forming swarms. “By having capable, engaged people recognize the importance of the goal and then expecting them to solve it in their own way, thousands of small tweaks can be made across the company.”

Avoiding the big mistakes: With this more chaotic approach comes the worry about the level of risk involved. In open-source communities, the focus is on making numerous small incremental changes, rather than several large ones. This is referred to as “release early, release often.” The constant search for “bugs” and their resolutions leads to greater innovation as well as fewer bugs in the long run. A corollary to this is the notion of “failing fast,” as people migrate away from projects that are failing and move on to ones that are working.

Scott Cook, founder of the software company Intuit, maker of Quicken and TurboTax, has observed: “When the bosses make the decisions, decisions are made by politics, persuasion and PowerPoint. When you make decisions through experiment, the best idea can prove itself.”

Unanswered questions remain: Imagine yourself walking through a bed of perennial flowers where you don't always know what you are tramping on and whether you might unintentionally cause harm. That is what it may feel like when you decide to open up strategic planning to the larger group. You'll have to deal with questions such as "How long do you let debates rage?" and "How decisive should a leader be?" And while it might seem as if you're opening yourself up to more problems by working inclusively, Whitehurst says that at Red Hat, the company truly believes the benefits of facing challenges like these far outweigh the costs.

Whitehurst's leadership tips:

1. Find or create a venue in which to discuss areas where you would like to see your team make progress.
 2. Tell your team members about a problem you are trying to solve. See how they respond and if they are able to solve it.
 3. In an area where you would like to see progress, ask questions of your team rather than request action. Most likely, action will occur.
 4. Create some space for your team to innovate by purposely leaving some ambiguity in your direction on a specific process or task.
 5. Ask your team to come to you with ideas and proposals. Engage and discuss them, regardless of whether you move forward with them.
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it's a journey

Reflecting on working at Red Hat, Whitehurst says that he is a practitioner, not an academic. He believes that the company's results point to the fact that this is a new and better way to lead but acknowledges it's not a perfect solution. "We're still on a journey to find newer and better ways to build on the lessons we've learned about what works, and what doesn't, in building and leading participative communities," he says.

The boundaries of participative organizations: The power of participative systems and bottom-up innovation comes from having those closest to the problems involved in solving them. While they can create highly complex systems, their strength resides in the distributed nature of the innovation process. Think of that perennial garden which takes years—not weeks—to mature. So it is with a participative ecosystem. "I'm not yet advocating the complete demolition of the conventional organizational structure," says Whitehurst. "We continue to experiment with the boundaries of applying this new model to a public company. We use our participative culture to drive innovation and make decisions quickly, and we still have people managers and senior leaders who play critical roles in catalyzing the company's direction."

A shared challenge: Whitehurst believes that a key takeaway is that the Red Hat system is critical to its competitive advantage as it leads to unique capabilities others cannot duplicate. These capabilities—speed and agility—will be critical in the years ahead, as will purpose, passion and community. The future isn't about competing products but about "pitting organizational capabilities against each other."

No going back: This book has sketched out a new management paradigm. The leaders of tomorrow must possess traits that have largely been overlooked in conventional organizations; they must demonstrate:

- **Personal strength and confidence:** Leaders in conventional management can use titles to leverage their power to get things done. In a meritocracy, leaders must earn respect from their colleagues.
- **Patience:** When you’re working with a team for long hours engaged in dialogue, you need to be patient.
- **High EQ:** Your emotional intelligence quotient (EQ) and not your IQ will give you the skills for working. You can’t order anyone around. You need to listen, process and not take everything personally.
- **A different mindset:** You must divest yourself from the mindset that focuses on immediate results at all costs and look at the longer term. You’re building a community, a delicately balanced ecosystem.

“To make this kind of culture work requires that leaders make an enormous investment in terms of time and energy,” says Whitehurst. “Once you see the power of unlocking the full potential of the people you work with, you simply can’t imagine going back.” Moreover, watching the people around you blossom and reach their potential is potent. “When you allow everyone to do his or her best, and are wise enough not to stick yourself in the middle and muck things up, everyone wins,” Whitehurst says.

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summary by lois gilman

Lois Gilman has written for a variety of magazines, including *Corporate Board Member*, *Money* and *Time*. She has worked on the program development of numerous business conferences, including the Fortune Global Forum and the Wall Street Journal CEO Council. Gilman was a head researcher at Time Life Books; a senior reporter at *Time* Magazine; a program research manager at Fortune conferences; and the Web files editor of *Business 2.0* magazine. She is also the author of *The Adoption Resource Book* and *The New York Parents' Book*.

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