

# The end of the boss?

Traditional hierarchies are under threat from flatter organisational structures, greater autonomy, distributed workforces and the rise of the gig economy

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In 2001, German beverage maker Mineralbrunnen AG dialled down the caffeine content in its star product Afri-Cola, drastically softening the flavour. Amid a public backlash, Afri-Cola's most militant fans formed a tight-knit, online network dedicated to reversing the decision. When it became clear that Mineralbrunnen wouldn't budge, the protesters, led by the resourceful Uwe Lübbermann, simply researched Afri-Cola's original recipe – and began to make it themselves, averting legal action by subtly tweaking the formula in a way that wouldn't affect the flavour. The resulting product, Premium-Cola, steadily eroded consumer interest in Afri-Cola altogether. Now, it has six different brands under its belt, 220 cities on its books and 1,650 commercial partners.

But Premium-Cola is significantly more remarkable for what it doesn't have: offices, formal employment contracts, salaries, a permanent factory floor... or a boss. In the spirit of the brand's rebellious origins, Lübbermann sees himself as an 'organiser' or 'coordinator' of the operation; a linchpin sitting in between dozens of trusted, and largely autonomous, experts and stakeholders, who crunch the brand's logistics over conference calls and an array of digital platforms. Ethics ride high within the Premium-Cola network. Its environmental mindfulness is matched by a culture of egalitarian treatment, which extends to profit participation. In that sense, Lübbermann is no more or less important than any of his peers. If it works for Premium-Cola, why couldn't it work for every company? Do we really need the traditional 'boss' at all?

### Incinerate the rulebook

There are numerous, compelling reasons why the end of the traditional boss is a realistic prospect. For a start, Premium-Cola is not the only brand that rejects the stale corporate framework of top-down control. And some of its soulmates have marched to the beat of their own drums for decades. Since the 1970s, Swedish bank Handelsbanken has worked under what it calls its 'church-spire' ethos. The governing principle: each branch is an autonomous unit that adapts to fit the needs of its community, rather than channelling a monolithic corporate identity and applying cookie-cutter service models. Handelsbanken provides its branch managers with the freedom to build their own businesses under the brand, with maximum support and minimum interference.

## FREEDOM AND AGILITY HEIGHTEN PERFORMANCE

Then there's the 'industrial democracy' credo of Brazilian manufacturer and corporate-services firm Semco Partners. Actually, it's far more than a credo: it is Semco's core – the primary driver of its success. When CEO Ricardo Semler took over from his authoritarian father Antonio in 1982, he almost immediately incinerated the command-and-control rulebook, handing out swathes of autonomy to his staff. He even allowed them to set their own salaries, on the proviso that everybody would know everybody else's earnings. Far from spawning a bitter remuneration arms race, Semler Jr's even-handed approach encouraged workers to keep their pay within reasonable limits – and to perform with gusto to prove they were worth it.


By 1993, amid a decade-long stretch of economic misery throughout Brazil, Semco's profits were up by 500%, revenues by 600% and productivity by 700%. All without formal company policies or mandatory working hours – central tenets of the command-and-control cliché. It was no flash in the pan. Semco is respected and profitable to this day, and its culture has a lasting beacon in the shape of the Semco Style Institute (SSI): a think tank-cum-training body that decants Ricardo Semler's ideas into rising business talents who would prefer to facilitate their workers' skills – and then get out of their way.

In a recent SSI blog, trainer Arko van Brakel outlined five strategic reasons why democratic leadership is the future of work:

- 1 You will cope better with disruption – and be more likely to create it.
- 2 Talented and innovative millennials will want to work for you.
- 3 Staff who have been encouraged to be creative will seize the jobs of the future.
- 4 Autonomy breeds good health, and vice versa.
- 5 Freedom and agility heighten performance.

"If you build pyramids," quips van Brakel, "you get mummies."

### Critical mass

It isn't just two or three firms that are flying this flag – it is a bona-fide movement, surging across a variety of sectors. Netflix (TV streaming), Zappos (shoes and apparel retail), AirBnB (accommodation), Crankset Group (business consultancy), Valve Corporation (video games), Menlo Innovations (software design) and Coolblue (e-commerce) have all put their own, individual spin on the unconventional business 

## © FLAT FRIENDS AND FOES

Some corners of the globe are more receptive than others to the concept of the flat structure. Expectations vary greatly as to how leaders should operate, how they should be addressed and the height of the podium they must occupy in workers' minds. In this year's July-August issue of the *Harvard Business Review*, author and INSEAD professor Erin Meyer wrote: "In Nigeria, a child learns to kneel or even lie down as a sign of respect when an elder enters the room. In Sweden, a student calls her teachers by their first names and, without implying any disrespect, feels free to contradict them in front of her classmates. Unsurprisingly, the management approach that works in Lagos will not get the best results in Stockholm."

Grasping those contrasts, Meyer stressed, is key to successful market entry. "In general," she noted, "the greatest business opportunities lie in the big emerging economies, which include Bangladesh, China, India, Indonesia, Russia, and Turkey ... cultures where hierarchy and deference to authority are deeply woven into the national psyche."

One of the most popular pieces of research into corporate models around the world is linguist Richard D Lewis's book *When Cultures Collide*, in which he provides a sort of spotters' guide to different nations' structural preferences. Here are some of his observations:

### FRANCE

**Autocratic.** To outsiders, the CEO may, on first glance, appear to have a roving, consultative role. But when the facts are in and decisions made, the orders are top-down.

### SWEDEN

**Primus inter pares.** A generally democratic structure, with the bare minimum of layers. The CEO is a central pivot between different functions, and is highly accessible.

### UNITED STATES

**Structured individualism.** Upper and middle managers are tasked with significant responsibilities, and often prize their own welfare above that of the wider firm.

### GERMANY

**Hierarchy and consensus.** A clear and rigorous chain of command is complemented with a genuine desire to convince and win round staff in different departments.

### JAPAN

**Ring-sei consensus.** Senior executives have an aura of power, but little hands-on involvement. Ideas for new initiatives are often collected from various layers of a firm's personnel, and then filtered up to the top for ratification.

## THE GIG ECONOMY GIVES BOSSES MORE POWER TO HIRE AND FIRE AT WILL

structure, with worker autonomy and boss-free motivation present in their DNA to varying degrees.

In parallel with that movement, demands have grown for styles of work that can be tailored around the intricacies of people's lives. For many workers, the requirement to report into a permanent office space has become anathema, leading firms to yank down the shutters on physical premises and shift towards full distribution of workers. Two years ago, social media firm Buffer pulled out of its head office in the trendy SoMa area of San Francisco, concluding that the "critical mass" of its workforce now lay with distributed staff in London and New York. Similarly, Automattic – the parent company of WordPress – closed its own San Francisco space earlier this year following a period of meagre attendance. CEO Matt Mullenweg put the 15,000sq ft facility on the market once he realised that the number of employees who were using it had the run of 3,000sq ft each.

The Institute of Leadership & Management foresaw this trend in its 2013 report *Flexible Working: Goodbye nine to five*. At the time, the report noted, 94% of UK firms were offering their employees some form of flexible-work option, with technology the key enabler. "Virtual meeting software, high-speed broadband and mobile networks help us to engage with work wherever and whenever we like," it pointed out. "Work used to be the place you turned up to – now, it is increasingly something you can do anywhere, at any time."

Increasingly, the image of work is morphing from open-plan office into individuals, and their portable technologies, setting up wherever they see fit. The bricks-and-mortar HQ is slowly receding – and with it, the imperious boss.

### Broken structure

Alex Hirst is founder of The Hoxby Collective: an office-free, employee-free and – as far as he's concerned – boss-free corporate-services provider that puts together bespoke solutions from a network of freelancers. In Hirst's view, the least-progressive firms are still in thrall to social reformer Robert Owen's "Eight hours' labour, eight hours' recreation, eight hours' rest" dogma, which is now 200 years old. While Owen's ethos stemmed from a noble effort to tackle exploitation, it later calcified into the nine-to-five, spawning presenteeism: a tell-tale sign of the controlling workplace. "I consider the gig economy to be a huge liberation of the workforce," says Hirst. "Our freelancers unite into small teams to deliver outputs. And they're judged upon those outputs. And that's really important. A major flaw with the traditional structure is the basis upon which people are judged. It's pointless to evaluate someone for the time they spend in the office, or their ability to schmooze. Those sorts of

## © SILICON VALLEY SPOTLIGHT: THE BOSS IN FLUX

Our image of the tech industry – and boss culture in general – is defined by the moguls of Silicon Valley: Apple’s Steve Jobs and Microsoft’s Bill Gates; their respective successors Tim Cook and Satya Nadella – and the younger likes of Mark Zuckerberg and Sheryl Sandberg of Facebook, plus Elon Musk (Tesla), Sundar Pichai (Google) and Marissa Mayer (ex-Yahoo).

All are high-profile figureheads – yet encompass a wide spectrum of leadership approaches. Jobs was famously confrontational and authoritarian. Nadella has led his firm out of rigid silos and top-down control into the ‘One Microsoft’ era. Mayer, on the other hand, notoriously banned Yahoo staff from working at home.

But, of late, the Valley has played host to unprecedented controversy, triggered by its more rebellious *enfants terribles*. While Uber’s founder Travis Kalanick espoused a flat structure at his firm, he was forced to resign in June this year following months of woeful PR around sexism scandals that left the company’s senior leadership team in shreds.

That same month, in the Valley’s investment

### SILICON VALLEY HAS NEVER STOOD AS AN INNOVATOR IN THE REALMS OF LEADERSHIP

scene, 500 Startups founder Dave McClure and Binary Capital co-founder Justin Caldbeck both stepped down from their roles in the wake of sexual-misconduct allegations.

So, is Silicon Valley in the grip of ‘toxic leadership’? In the view of international entrepreneur and management expert Margaret Heffernan, the Valley’s boss culture is actually in a wild state of flux. “Flat organisations are getting even flatter,” she says, “and the technocratic, command-and-control structures are more heavily engineered.”

She adds: “Concern for the social impact of organisations – whether on employees, stakeholders and society at large – is similarly splintered, with some companies proudly disdaining all concepts of responsibility, some adopting unconvincing stances and others serious about the roles they play in the world. What is striking to me is that, for all of the Valley’s claims to be a leader in technology – and whether or not this is still true remains unclear – it has never stood as an innovator or model in the realms of management or leadership.”

things are becoming less and less relevant. What matters is that people deliver outputs. Don’t worry about how they do it, where they do it, or when they do it – as long as they do it.”

For Hirst, the classic, top-down structure is “broken”, because traditional bosses tend to favour those who are skilled at selling themselves. He argues that more introverted, but eminently capable, creatives have “just as much right to opportunities as the others”, and that freelancing provides them with a more workable vent for

their talents. Asked whether he considers himself a boss, Hirst says: “The word ‘boss’ conjures up all sorts of images that Hoxby rebels against: fat cats in suits, calling the shots. I’d describe myself as a leader. When people hear the word ‘boss’, they tend to think of management, not leadership. We have 300 people – and none of them are bosses.”

But despite all these exciting developments, it may be rather too early to write off the boss altogether, according to entrepreneur, broadcaster and serial CEO Margaret Heffernan. “I don’t think that the end of the boss is nigh,” she tells *Edge*, “and I have rather mixed feelings about that. The gig economy may give workers more freedom. But it also gives bosses more power to hire and fire at will, to pay low wages and to pick and choose, on a casual basis, who gets to work and who doesn’t. In that sense, bosses have more power than ever.

“In public companies,” she adds, “CEO salaries certainly don’t indicate that bosses are underrated, because most are overpaid. That hardly suggests that boards consider bosses irrelevant. Instead, I’d say we are seeing a bifurcation: between companies that absolutely believe in concentrating huge amounts of power in a few individuals, and those that believe in emphasising teamwork and collaboration. The latter, it seems to me, are more responsive, knowledgeable and adaptable. But the mythologies around solo, heroic leadership are still, alas, going strong.” ■

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