A LANDMARK EXAMPLE OF SELF-DIRECTION

Infocaster, the Dutch software and web development firm, is setting an example for companies across the world. Relentless experimentation, decentralization and simple rules have put Infocaster on the map. The journey towards self-management, though turbulent, has paved the way for others to follow.

It all starts with the founder of the company, Sander Hoeken. His energy and optimism were what motivated him to start Infocaster in 2004. Even today, Sander continues to use his creativity and entrepreneurial mindset to turn his ideas into reality.

Sander has always strived to make an impact himself, and hence, he found himself at the core of the organization. This ensured tremendous growth in the first decade of Infocaster, and was exactly what the organization needed on its journey towards success. However, gradually, Sander's impatience led to a culture of fear instead of one driven by taking ownership. *"Trying to always be the smartest one in the room results in less room for others to voice their opinion. It was all about: What would Sander do?"* he says.

In the transition period, Infocaster's employees and its clients became the central figures in the organization. The employees and their hard work soon became the driving force behind the new direction of the organization. This paved the way for abolishing a system where one leader in the organization made all the decisions.

Open by default
The moment you find two extremes operating in the same organization, at the same time, can be a defining moment — one that can lead to epiphanies. As the founder of an organization, you are at its center, and this can make you blind to your own flaws. Understanding the dynamics between the leader of an organization and its employees serves as the first step to rearranging your company's philosophy.

Infocaster managed to change its course and tweak its philosophy from an organization led by a genius with a thousand helpers, to one driven by a sense of community and harmony. One of the fundamental and first changes that led to such a transition was the decision to be open by default as an organization. This brought in a culture of transparency and curiosity. For example, financial matters were made more transparent and employees were encouraged to question things along the way. In fact, being able to ask the right questions instead of providing the right answers became the new style of leadership.

As Sander puts it — "As a leader, you should formalize your vision in questions, not in answers. If you come up with all the answers, you'll find yourself surrounded by lazy people."

Now, in no way does this imply not making any suggestions at all. As a leader, your judgement always matters and can be imperative to paving new roads, setting new standards and inspiring others. However, it is also important to recognize the weight of your suggestions when in a leadership role.

To help understand these roles better, Infocaster has formulated a constitution of sorts, wherein leaders have the right to be consulted, encourage, and warn. These roles and duties are seen as rights, rather than as necessities. This way, there is clarity on the role of the leader, which opens up space for others to really focus on the various challenges at hand.

Managing diversity
Infocaster has moved away from a culture of dominating, imposing, suggesting and directing, to one that focuses on community and diversity. Sander explains that instilling a culture of diversity was one of the toughest challenges to date. *"It takes energy to do something different. Often, people don't dare to be too different, but that's exactly what you need to be successful,"* he says.

Sander was committed to making people fit in, which gradually led to people being able to think in groups. However, even though a sense of community was created, diversity still lacked. Sander says, "There was a sense of belonging, you can belong due to a mutual interest. But that does not mean employees feel safe enough to speak up and actively pursue their creativity." To tackle this, first, a lot of effort was put into making people aware they do not need to fit in, rather than instilling a sense of unity in them. **Human nature is driven by a strong desire to be part of a group, which gives people a sense of security and improves social interaction.**

On the downside though, being in a comfort zone does not improve creativity, give rise to radical ideas and, ultimately, success. Therefore, the real challenge is in maintaining sufficient levels of emotional safety to be part of a group that freely shares its beliefs and doubts, while also being open to differences. It is in such organizations that you can have constructive dialogues about your business.

The 'Peak Pie'
As mentioned already, Infocaster chose to make everything open by default. However, it does not matter how transparent you are if what you are opening up is not understood. Confused? It's rather simple. Let's say that you introduce open-book management, but if not a single employee, other than the finance department and the leaders, understand what it says, they won't benefit from it.

Similarly, if your organization declares that you can join any meeting, walk into any office, and talk to whomever you want, how much sense would it make if you don't get the context or don't know the person or group you approach?

Thus, the Peak Pie rule was born. This simple rule helped change the dynamics of how teams function at Infocaster. Here's how it works — If it's no longer fun to bring anything to work for your team of colleagues, for example pie when it's your birthday, then your team is too big. When a team reaches Peak Pie level (i.e. 30-40 people), the team should split up. This was the start to using simple, logical and fun ideas to transition into a new way of functioning.

A simple budget system
Using simple logic made a massive difference while dealing with finances too. As Ricardo Semler often iterated — at home, people are responsible adults, they take care of groceries, save up so their kids can go to school, organize holidays to rest and recuperate, etc. At work however, these same people are treated like children. They don't get access to financial records, are unauthorized to make big decisions, and are deemed irresponsible to take on challenges. Sander decided to merge these two worlds by making matters of finance understandable and accessible at the same time. He explains, *"We based our financial approach on a private household model."* This entailed breaking down and reconfiguring the concept of profit.

Let's say you have € 1,000 left in the bank for household expenses at the end of the year. You wouldn't feel like spending it too quickly, as then you won't have enough going into the new year. Using this household model changed the way people felt about the organization's profit at the end of the year. Hence, the people at Infocaster changed their perception of profit to that of a cost. This made teams aware that at the end of the year, a certain amount of money went to shareholders or was reversed as retained earnings for the organization. The remaining amount, let's say 90% of the revenue, was for the team to spend. What they need to ensure is that they don't spend more than that 90%. Any excess money would then be distributed as the team's profit. In this way, the concept of finances became easier to understand.

The pursuit of purpose
Infocaster, by now, had managed to create a sufficient level of comprehensibility regarding the major areas of the organization. It was now time to scale up and connect the dots.

Luckily, as a software development firm, that did not take a lot of effort. Defining and collaborating on team goals, budgets, costs, and revenue streams created a network that showed how dependencies were structured within the organization. It gave rise to a clear form of mutual dependencies and, when needed, just the right amount of bureaucracy to maintain performance.

What worked in this format, as Sander says, "people were given the steering wheel to steer the organization towards things they think are important."

One constant challenge, however, was ensuring people use this steering wheel consistently. "Teams sometimes get stuck in group-think – the feeling of working according to a common standard, instead of continuously introducing new ideas," says Sander. A 'fast-forward' mindset would ensure that even when the organization grows, along with the distance between Sander as the founder and the operational teams, teams still focus on doing things better and are constantly improving, rather than get stuck in seasoned routines.

These days, Infocaster is focused on centralizing safe zones. A safe zone in a psychologically safe environment means being courageous enough to speak up, while a financial safe zone constitutes ensuring the continuity of any activity for a minimum of four months.

With these fundamentals in place, Infocaster managed to internalize its core values in the last decade and is now in the pursuit of higher goals. *"The system we have created keeps everything healthy, but it doesn't give way to higher goals,"* Sander says. To keep people motivated to constantly strive for bigger goals requires true purpose. Without a sense of purpose, people tend to check out mentally, or physically by quitting their jobs. Therefore, much like Infocaster, the game is best played when you are safe when it matters, and bold when it counts.

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