

NEW MANAGEMENT AND E-MARKETING PRACTICES ANALYSIS, WITH APPLICATION TO HOLACRACY

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Abstract. *As the peer-to-peer innovation reshapes marketplaces and businesses, disruptive companies are also re-evaluating their internal processes and a part of them are tempted to abandon top-down hierarchy in lieu of decentralized business models. As the marketplace evolves to increasing decentralization, and a consumer-conducted through e-marketing universal market, business leaders and researchers are analyzing different manners that can comply these business trends in the way companies are structured and governed. With the aim of better understanding how to satisfy the internal and external client's needs, in order to produce value for the company, this work provides an analysis of the e-marketing most popular practices and a study on a new internal management system, Holacracy, with insight about what is the relationship between client and the company that has implemented it. Holacracy system is one of the most popular decentralized management approaches available at the moment which provides an organizational management model for making companies more adaptable, flexible and more responsive to change. In most of the companies, according to traditional management principles, each employee has an accurate definition of the job s/he has to perform through the job description. In Holacracy, employees can learn through training programs to perform new roles, giving up those that are no longer up to date through the company's evolution. Thus, the roles are being endowed with authority and not the people who perform those roles. This paper is presenting a study about Holacracy principles and the recommended "constitution" adopted by the companies that are implementing Holacracy by a comparative view with the classic management principles, considering the analysis on the digital e-marketing practices that are reshaping the relation between company and the internal and external clients. The benefits and the disadvantages presented by new management practice, Holacracy, will be pictured by a contextual analysis with today's business e-marketing conducted environment.*

Keywords: *holacracy; management practice; business structure; governance model.*

Introduction

As the peer-to-peer innovation reshapes marketplaces and businesses, disruptive companies are also re-evaluating their internal processes and a part of them are tempted to abandon top-down hierarchy in lieu of decentralized business models.

Modern companies like Airbnb, Uber, and Clever Taxi are conducting the so-called "peer-to-peer revolution", enforcing features like better flexibility and adaptability, greater efficiency, decentralized control. Peer-to-peer models seem destined to reshape more and more industries, as consumers seem more and more willing to streamline their lives and reduce the inefficiencies. As a consequence, the leaders of the companies are looking for business instruments and principles that are better shaping the increasingly decentralized marketplace. It is a real challenge for today's businesses to reach that flexibility and adaptability in reaction to the fast-changing business environment.

Also, today's people are keener to express their creativity, but very rarely today's organizations help their employees to use their passions and creativity at work. Also, in the traditional organization, since no voice can be taken into consideration unless it is associated with a hierarchical function, the extraordinary ability of people to feel the discordance of the present moment and to see the potential for change, it is actually unused.

In the book *What Matters Now*, G. Hamel (2012) states that even today, most organizations operate on a paradigm developed in the industrial age, predict & control based, where the CEO has the power over a hierarchically structured system. Success is achieved through planning, control, prevention of deviations. This type of organization focuses its attention on building a perfect system, preventing tensions. But the tensions arise anyway, forcing organizations to reorganize themselves to cope with the new reality. This type of organization management worked very well in the industrial age, leading to progress and developing new models of productivity and coordination. But in our era, named by some authors Conceptual Age, this management approach seems to no longer meet the new challenges in business: increased complexity, transparency, interconnectivity, economic and environmental instability, increased social responsibility.

In his book *Holacracy*, B. Robertson (2015) presents a new model of management, considered enough robust and comprehensive to be experimented as a promising approach to organize businesses, named holacracy. Holacracy means the organization's governance through people in order to accomplish its mission, as the author explains.

E-marketing importance in a consumer-conducted global market

In today's global market context, the change is necessary both in developing products and services, but also in the manner that they are offered to the market (Parr Rud, 2009). The extension of the digital transformation on a macroeconomic scale is marking a new digital transformation economy. The business environment has to facilitate this transformation by using new technologies for creating value and competitive advantage: considering a new type of offers, new kind of relationships, new business models, new management approach, etc. The modern business tools that companies are using today for managing the relationships with internal and external clients, with partners and

other stakeholders are empowered in particular through interaction (Eisenhauer, 2014).

Nowadays, any business, whether we are talking about a business whose activity is grounded in the physical environment, whether we are talking about one that is being developed in the online environment, they are all looking at the new methods of attracting clients through e-marketing. Also in Holacracy, e-marketing is an important component of the marketing strategy, considering that from the actions taken through e-marketing, essential information about the clients' behavior can be determined. This property to retain as many user data as possible is specific to the online environment, and if a person wants to use the services, it is possible for a cost. Much of the online business has its own integrated systems that aim to gather more detailed information about users to use them in promotion campaigns (Lazar, 2017; Taylor, 2018). Regardless of the management approach, whether we talk about a traditionally managed company or a Holacracy governed one, the e-marketing activities carried out for promotion are differentiated by personalized messages. It is taken into account the context in which the interaction between the user and the transmitted message takes place. For this, it looks at the consumer's profile, the interests that he or she has the whereabouts of the information, the device on which the information is sought, the physical location where it is when it comes in contact with the messages, the occupation occupied by the user.

E-marketing is an approach that promotes products and services through online tools and methods both in a traditionally managed company or in a holacracy governed one (Ward, 2017). E-business develops and implements business processes that intermediate it by doing the exchange of goods and services to get value added. E-marketing can be considered an e-business support action when digital methods are included in the marketing strategy of any online business, traditionally managed or holocratically governed. Google AdWords, SEO, Social Media, Email Marketing, Display Advertising, Affiliate Marketing, are part of the e-marketing mix, each of which has a contribution to be considered when designing e-marketing strategy.

Accelerated technological evolution of nowadays is allowing modern companies to combine and recombine new technologies, aiming at creating new values at a much faster tread than before. The purpose of it is continuously attracting and increasing the loyalty of the customers, partners, and employees.

Fast-changing business reality impact on traditional management and Holacracy

Given the increasing decentralization of the marketplace and a consumer-conducted through e-marketing universal market, the business environment is looking for different principles that can comply with these business trends, in the way companies are structured and governed (Gassmann, Frankenberger & Csik, 2015). It is more and more certain for today's business leaders the fact that the traditional organizational structures are not as adaptive as the extremely fast-changing reality of today's business environment requires. The work frames we know and we are following at work, are not as adaptable to change and as flexible as we need.

Holacracy is, in essence, a social technology for the governance and operation of an organization, defined by a set of rules different from those found in a traditionally governed organization (Aileron, 2017; Bernstein et al., 2016; Compagne, 2014).

In a traditional, lead-led organization, people do not have mechanisms to promote their diversity of ideas. There is only one way to promote a new idea, which is to convince the leader that the idea is valuable. If the leader does not share the new perspective brought by a colleague, he has no lever way in the hierarchical structure to promote his idea. In Holacracy, it is believed that any organization should harness the diversity of talents of the human resources available. As humans are so different, it is considered that each person is a sensor of the organization that leaches the reality through its own filter, adding a unique perspective to the organizational big picture.

In the traditional organization, because no voice will be taken into account unless it is associated with a hierarchical function, the extraordinary ability of people to feel the distances from the present moment and to see the potential for change is totally ignored. Right this window created between the actual reality and the predicted potential carries in Holacracy the name of tension. It is believed that that tension is an energy that is blocked but could be channeled into a beneficial change if they are processed timely. But these tensions usually remain on the ground and produce effects, sometimes leading to extremely negative outcomes for the organization. Organizations typically have more difficulties in processing than in acquiring problems, therefore this work is revealing that in any organization it is necessary a tension-processing approach.

In Holacracy, every tension an individual feels it is considered a sign of evolution if they are processed quickly and efficiently (Bernstein et al., 2016; Robertson, 2017). Most organizations operate on a paradigm developed in the industrial age - prediction & control - where the CEO has the power over a hierarchically structured system. Success is achieved through planning, control and preventing the deviations. The traditional organization focuses its attention on creating a perfect system and preventing tensions. This type of organization management worked very well in the industrial age, leading to progress and new models of productivity and coordination. But the tensions arise anyway, forcing organizations to reorganize themselves in order to be able to cope with the new reality and that is the reason why Holacracy takes a new approach to the business.

Holacracy principles

Aiming at a better understanding of the right manners to satisfy the internal and external client needs, this work is analyzing a new internal management system, Holacracy, with insight about what is the relationship between the client and the company that has implemented it. Holacracy is one of the most popular decentralized management system approaches available at the moment. Its popularity resides in the fact that it provides an organizational management model for helping organizations become more adaptable, flexible and more responsive to change.

The autocratic governance used to conduct today's organizations produces tensions that cannot be processed by empowering a group of people to the detriment of the majority, and it is called by B. Robertson (2015) a disempowering corporate structure.

Holacracy proposes a constitution that can be applied to any organization, defining authority as a legislative process to which we return whenever we need clarification, defining the rules of Holacracy, the generic roles to be assumed in the organization, the relationships between them, the main processes of governance and operational.

In the majority of the companies, governed through traditional management principles, the employees are working based on the definition of the job they have to perform through the job description. But usually, the job descriptions are imprecise, outdated and irrelevant to the employee's day-to-day work. And that is because the organization's charts are having usually a rigid structure that is not updated every time the activities of the companies are changing and evolving. In "Holacracy", people can have multiple roles, often in different teams (actually, teams are becoming circles), and role descriptions are constantly updated by the circle that actually perform the work. That generates dynamism of employees' roles which energize the work with clarity and awareness that most traditional workplaces do not reach. This allows people to feel more inspired to express their talents and creativity, an advantage that a company may not have learned through a traditional management (Aileron, 2017).

Holacracy is, in essence, a social technology for the governance and operation of an organization, defined by a set of rules different from those found in a traditionally governed organization.

The central characteristic elements of Holacracy are considered as presented below.

- *The Constitution* – it sets the rules of the game, distributing roles authority at the same time, defining authority as a legislative process to which we turn whenever we need clarification, the generic roles to be assumed in the organization, the relationships between them, the main processes of governance and operational.
- *A new way of structuring the organization and defining roles and authorities*, as presented in Figure 1. *The Governance Meeting Process* – is a separate process from the tactical meeting process where operational matters are discussed, specifically to give the best streamline to the problems regarding organizational structure; the governance process creates amends or removes policies, circle roles, sub-circles, or hosts the election process.
- *A unique and transparent decision-making process of updating roles activities* – Integrative Decision Making Process – a process design used in the governance meetings, in the tactical meetings as well as strategically meetings, for streaming the decision making process (collecting and processing opinions, proposals and objections by all the stakeholders and giving the best solution to implement in the most efficient timeframe).
- *A unique meeting process for team synchronization* – Tactical Meeting Process – with a unique design followed by everyone that is participating and guided through the meeting by a role entitled Facilitator.
- *The Election Process* – based on the Integrative Decision Making Process used by the circles to elect the generic roles in Holacracy: Facilitator, Secretary, Lead-link, for a specific amount of time defined by the Constitution;
- *The Strategic Meeting Process* – used in the strategic meetings for brainstorming and generating strategy, combined with the Integrative Decision Making Process.

Holacracy focuses on prioritizing and recording possible solutions when a crossroads appears rather than the predict-and-control approach used in the traditional governed organizations, where the strategy is governing. In Holacracy, the planning is achieved using the strategy meeting process, but it is not defined by the Constitution to be governing, because in Holacracy the reality is actually governing and is constantly reshaping the organization (Timmerman, 2015).

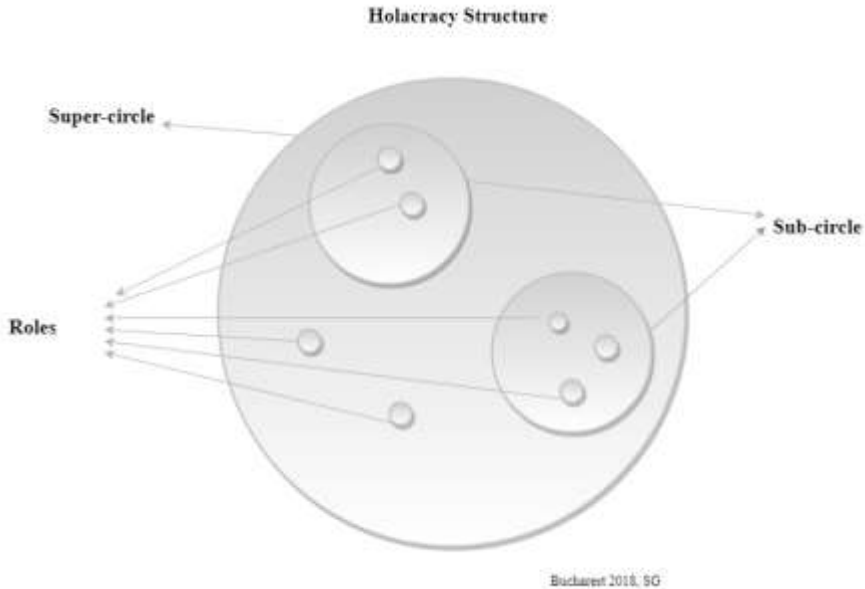


Figure 1. Holacracy Structure, adapted from www.Holacracy.org

Unlike an autocratic company that is managed over a strategy, Holacracy is based on the evolutionary algorithm. It is not designed by a certain person, but the governance process itself designs the design naturally, by solving all the tensions that appear, by the organizational sensors, the people.

Holacracy displaces the employees from the dependency relationships that we often see in a traditionally managed company, where managers decide and employees perform the tasks, in the sphere of autonomous relationships, where each one is responsible for their own role. And that is performed in the service of the organization's goals, such that no one feels victim because someone else decides for him (employees from a traditionally managed company) nor overwhelmed by responsibilities (managers of an autocratic company). This is an approach of how a whole new shift from personal leadership can transform in what is called by B. Robertson (2015, 2017), constitutionally derived power.

This passage from the autocratic management to holacracy is not easy and without challenges for any organization, as shown by the experiences of those who have implemented Holacracy. It is not an easy task to get people who have been leading the rest of the years to step back or to make people who have always been led by others to take the step forward and not only speak for themselves, but also fight for processing the tensions that they are feeling.

Employees in Holacracy realize that they no longer follow orders, they themselves have the power and authority of their own roles, but that comes in the bundle with increased responsibility. The power in holacracy transfers from the CEO – as in an autocratic company - to the organizational process that promotes a start-up mentality where everyone is challenged to think about solutions as for their own business.

Governance is the process by which authority is assigned to an organization, the power of a function being taken over by a process. This is a reason why this work is regarding the business process management and design as an important part for today's organizations that are looking for new instruments to challenge the new reality of business.

Benefits for organizations that are using Holacracy structure

The governance process defines clear roles with precise responsibilities, which makes the authority explicit, generating a change in organizational culture towards transparency and less influence. (Figure 2)

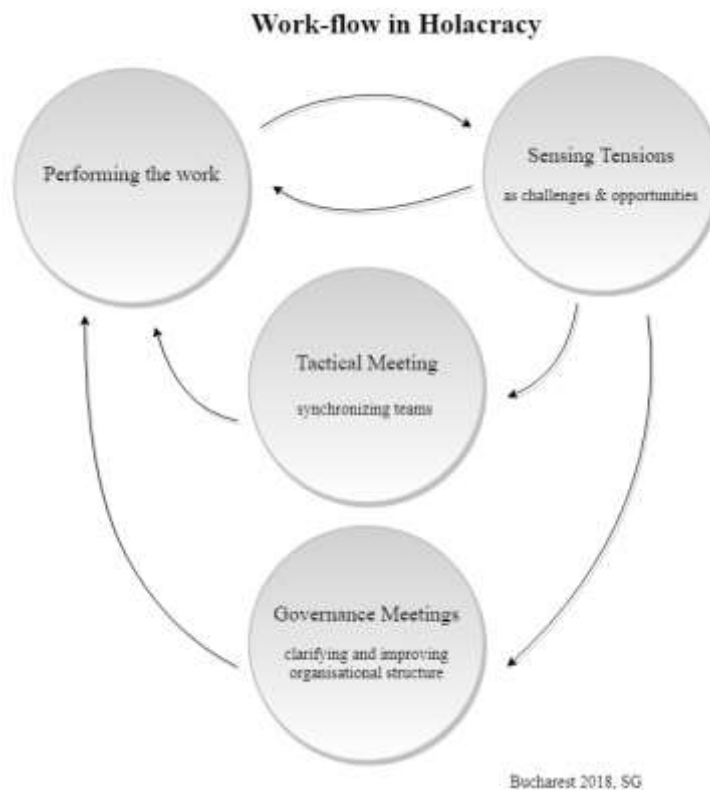


Figure 2. Workflow in Holacracy, adapted from www.Holacracy.org

In Holacracy, employees can learn through training programs to perform new roles, giving up those that are no longer up to date through the company's evolution. Thus, the roles are being endowed with authority and not the people who perform those roles. In Holacracy, it can be observed a shift from the power of the function and the person who owns it to the power residing in the organizational governance process.

Since Holacracy does not have a hierarchical structure, each role being autonomous and having individual authority, the roles are grouped into circles, the circles are integrated into larger circles, up to the Anchor Circle, that expresses the general purpose of the organization and controls all domains activity of the organization. Therefore, the people in Holacracy are having the power and the autonomy to perform their work without having to wait for approvals, with clear defined roles and responsibilities.

But the most interesting benefits a first analyze of Holacracy model is pointing at, are the governance instruments it has developed; the governance meeting process, the tactical meeting process, the strategically meeting process, the strategic meeting process, the integrative decision-making process. Moreover, Holacracy is based on the evolutionary algorithm; the governance process itself designs the design naturally through the governance meeting process, where all the tensions are processed.

Holacracy points out an interesting focus on prioritizing and recording possible solutions when a crossroads appears rather than using the predict-and-control approach like in the traditional governed organizations, where the strategy is governing. In Holacracy, the strategy is not defined by the Constitution to be governing the work, because in Holacracy the reality is actually governing and is constantly reshaping the organization. In Holacracy, every tension that an individual feel is a sign of evolution if those tensions are processed quickly and efficiently, giving to the Holacracy structures an evolutionary design.

Holacracy is regarded as a social technology for the governance and operation of an organization, defined by a Constitution that sets the rules different from those found in a traditionally governed organization but followed by everyone. They are no favoritism for specific groups of people in the favor of the majority or other unprofessional behaviors like influence or arrogance that the traditional structures are sometimes generating. The rules are the same for everyone and the process of governance gives the power of expressing a tension to everyone, not just to the leaders as we see in the traditional governed organizations.

Conclusions

This paper is presenting a primary study about Holacracy principles by a comparative view with the classic management policies, considering the analysis on the digital e-marketing practices that are reshaping the relationship between the company and the internal and external clients.

In an ongoing peer-to-peer revolution, enforcing features like better flexibility and adaptability, greater efficiency, decentralized control, where the people are keen on to expressing their creativity, the organizations needs nowadays to bust their soft skills like creativity and inspiration in order to cope with the new reality. The work frames we are used to implementing and follow in the business global environment, are not as adaptable to change and as flexible as we need.

Holacracy is a new management method that states principles serving organizational goals by shifting the power from personal leadership that is too often in organizations disempowering the majority in the favor of a small leading group, to what is called "constitutionally derived power". The rules are the same for everyone in Holacracy and

the process of governance gives the power to sense and a voice to express a tension to everyone, not just to the leaders as we see in the traditional governed organizations. The structure of Holacracy releases the dependency relationships of the employees with the managers, that are deciding and employees are performing the work in a new sphere of autonomous relationships, where each person is responsible for their own role. The specific unprofessional behaviors that the traditional organization is often generating through an autocratic management style, like influence or arrogance, are disappearing in a holocratic structure, where each individual is empowered for the role assigned.

Also, we can learn a model of an evolutionary structure, because in Holacracy the reality is governing, continuously reshaping the organization through the process of sensing and processing the tensions efficiently by the organization's sensors, the people.

The benefits presented by new management practice, Holacracy, are pictured by a contextual analysis with today's business e-marketing conducted environment, underlying the peer-to-peer models that seem destined to reshape today's business environment.

This paper is noticing that the creator of Holacracy, B. Robertson (2015) is not recommending tasting Holacracy by its attractive component parts and implementing just specific tools of it, just because it is difficult to assess such a big change in any kind of organization. However, this study is revealing new management tools used in Holacracy that are independent and can be tested in a traditional structured organization for attaining more efficient processes. This work is underlying instruments that are actually business processes, like Tactical Meeting Process, where operational matters are discussed, Governance Meeting Process streamlining the problems regarding organizational structure, the Strategic Meeting Process for generating the strategies, the Integrative Decision Making Process, a great design process that is processing opinions, proposals and objections by all the stakeholders and is giving the best decisions in the most efficient timeframe.

And also the Governance is the process by which authority is assigned, the power of the functions being taken over by a process. Therefore, this work is regarding the business process design and management as an important part to develop in organizations that are looking for new instruments to challenge the new reality of business.

Aiming at discovering new management instruments that can help businesses to feat the reality of the present moment and place, further work will research the possibility to test one by one the new challenging business instruments and processes that Holacracy has developed, in organizations based in Romania, governed by traditional management.

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