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Further Reading, Size, Leadership and Organic Growth, ‘Let My People Go Surfing’ (extract) – Yvon Chouinard

Summary:

1. Natural order
2. Natural growth
3. Natural size

Systems in nature appear to us to be chaotic but in reality are very structured, just not in a top down centralised way. Deborah Gordon, a professor at Stanford University who studies ant colonies, says that there is no specific ant in charge in a colony, no central control. Yet each ant knows what its job is, and ants communicate with each other by way of very simple interactions; altogether they produce a very effective social network.

A central system - like a dictatorship - takes an enormous amount force and work to keep the hierarchy in power. Of course, all top-down systems eventually collapse, leaving the system in chaos.

SEAL team soldiers have a leader but are really self-managed as they have all bought-into the mission, know what their individual job is, and know the others’ jobs as well. If the leader is disabled, any of the others can take over.

When you look to hire management, it’s important to know the difference between a manager and a true leader. For instance, the branch manager of a bank is expected to avoid risks (not make loans without approval from higher up), implement strategic plans, and keep things running as they always have. It is like the difference between a cook and a chef. They both cook food, but the chef creates recipes and manages a kitchen while the cook only follows the recipes. Leaders take risks, have long-term vision, create the strategic plans, and instigate change.

The best leadership is by example. Malinda’s and my office space and the CEO’s is open to anyone, and we always try to be available. We don’t have special parking spaces for ourselves or for any upper management; the best spaces are reserved for fuel efficient cars, no matter who owns them. Malinda and I pay for our own lunches in our cafeteria; otherwise, it would send a message to the employees that it’s okay to take from the company. A familial company like ours runs on trust rather than on authoritarian rule.

I’ve found that whenever we have had a top manager or CEO leave the company, there is no chaos. In fact, the work continues as if they were still there. It’s not that they were doing nothing but that *the system is pretty much self-regulating*. Maybe a few people take advantage of our flex-time policy, but none of our best employees would want to work in a company that didn’t have that trust. They understand that my so-called MBA (management

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by absence) style of management is as much a sign of my trust in them as my desire to be out of the office.

| “Subscribing to the concept of natural growth of the company helps keep us small enough to be manageable.”

I believe that for the best communication and to avoid bureaucracy, you should ideally have no more than a hundred people working in one location. This is an extension of the fact that democracy seems to work best in small societies, where people have a sense of personal responsibility. In a small Sherpa or Inuit village, there’s no need to hire trash collectors or firemen; everyone takes care of community problems. And there’s no need for police; evil has a hard time hiding from peer pressure. The most efficient size for a city is supposed to be about 250,000 to 350,000 people, large enough to have all the culture and amenities of a city and still be governable – like Santa Barbara, Auckland, and Florence.

... Alexander Paul Hare, author of the classic *Creativity in Small Groups*, showed that groups sized between four and seven or most successful at problem solving, largely because small groups, as Hare observed, the more democratic: egalitarian, mutualistic, cooperative, inclusive. Hundreds of studies in factories and workplaces confirm that workers divided into small groups enjoy lower absenteeism, less sickness, higher productivity, greater social interaction, higher morale - most likely because the conditions allow them to engage what is best in being human, to share the meaning and fruits of their labour.

... The longevity of a CEO’s career is directly proportional to his or her problem-solving skills and ability to adapt and grow with the job... only by confronting the problems and trying to solve them yourself will you prevent them from happening again in another form. The key to confronting and truly solving any problem is to continue to ask enough questions to get past all the symptoms and reach the actual cause, a form of Socratic method or what Toyota management calls asking the “five whys.”

| “evolution (change) doesn't happen without stress, and it can happen quickly...”

... The most important mandate for a manager in a dynamic company is to instigate change. In his book *The Beak of the Finch*, Jonathan Weiner talks about an insect that was found preserved in amber. The specimen, millions of years old, is identical in appearance to that species living today – with one big difference. The present-day insect has developed the ability to shed its legs and regenerate new ones after touching plants covered with pesticides. Surprisingly, this ability has evolved just since the time of World War II, when pesticide use began. The lesson to be learned is that evolution (change) doesn't happen without stress, and it can happen quickly... change (is) an opportunity to grow and evolve to a higher level.

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