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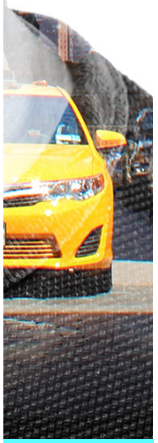
THE APPROACH OF DECISION FREE SOLUTIONS IN ACTION

– Examples Of How DFS Explains, And Can Improve, Organisations Pioneering A New Way Of Working



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The Approach of Decision Free Solutions in Action

— Examples of how DFS explains, and can improve, organisations pioneering a new way of working

Management summary

In this document the approach of Decision Free Solutions has been used to analyse and explain the results and performances of several pioneering methods and organisations as found in management literature. These concern both successful organisations which started with a new way of working, as well as those who arrived at a new way of working following a transformation. This document also demonstrates how DFS guidelines can be used to improve upon existing procedures.

Several aspects of a new way of working are addressed, including self-managing teams, hierarchy without hierarchical decision making, the tasks and selection of leadership-roles, the importance of purpose, recruitment based on perceptiveness, and the avoidance of rules, procedures and protocols. Organisations featuring in this document include Buurtzorg, Haier, Patagonia, K2K Emocionando, Spotify, Smarkets and Freitag.

This document demonstrates both the validity of the DFS concepts — the need to minimise decision making and the importance of perceptiveness — as well as its practical value in guiding organisational and procedural changes towards the utilisation of expertise. It makes the greater point that the new way of working must not rely on "experimentation". Existing organisational examples can be adapted to local circumstances by applying the underlying principles.

About Decision Free Solutions

The approach of Decision Free Solutions (DFS) is a generic and systematic approach, providing guidelines for new and existing methods to utilise all available expertise to achieve the goals you believe in. Implementing the approach of DFS results in i) Achieving desired outcomes at minimal risk, ii) Minimal use of resources, iii) Resolving frustrations.

The approach of DFS clarifies a "decision" as a choice not fully substantiated (and thus increasing risk) and sets out to overcome two central challenges in optimally utilising expertise:

- The prevalence of all types of decision making preventing the use of expertise (hierarchical, and as found in rules, procedures, protocols, checklists and contracts)
- Ensuring the clear communication between experts and non-experts to prevent mechanisms of control and decision making kicking in

To do so it provides guidelines in the form of four steps (DICE), five principles (TONNNO), the role of the Decision Free Leader, as well as clear definitions of crucial terminology. The approach has been introduced in [1]

A summary of the approach of Decision Free Solutions is provided in Figure 1. In Figure 2 the resulting transformation away from decision making and towards the utilisation of expertise is depicted by way of word clouds.

Figure 1. Graphical summary of the approach of Decision Free Solutions.

Figure 2: Implementing the approach of Decision Free Solutions results in a shift or transformation away from decision making towards the utilisation of expertise.

Content

A Decision Free Organisation: Buurtzorg

Buurtzorg's single basic organisational principle

Buurtzorg is a highly successful organisation that has attracted a lot of attention. It features prominently in Frederic Laloux' "Reinventing Organisations" and in "Corporate Rebels: Make work more fun" [2,3].

Buurtzorg is a Dutch organisation founded in 2006 whose name translates to "neighbourhood care". Buurtzorg sets out to provide client care from a holistic perspective. The organisation employs almost 15.000 nurses, with an office of no more than 50 people and 20 coaches. Buurtzorg's results are extremely positive across the board: financially, quality of care (patient satisfaction), and job satisfaction.

It is almost easier to define the organisation by what it doesn't have: managers, unnecessary policies, an HR department, marketing staff, complicated titles, and lengthy job descriptions [3].

Buurtzorg consists of over a 1'000 self-managing teams supported by training, coaches and an IT-platform. Buurtzorg's teams are highly autonomous. Each team is in charge of providing care to their customers, but also everything else. From deciding which patients to serve, intake, planning, scheduling, recruitment, which doctors and pharmacies to reach out to, individual and team training to renting and decorating their office.

For all its success, its sophisticated IT platform and a way of working honed over more than a decade, Buurtzorg's way of working can be reduced to the application of a *single basic organisational principle*: minimise decision making through the utilisation of expertise.

Founder and CEO Jos de Blok started Buurtzorg because: "We'd had enough of managers determining how people should do their work. I was convinced that true professionals know when and how to apply their competencies, without the need for managers. [...] At Buurtzorg we have no artificial hierarchy; all decisions are made after consultation. If we cannot optimally use our people's talents, this is a significant waste. Our professionals come up with new ideas. They generate thousands of ideas every day."

Buurtzorg's way of working

Buurtzorg's way of working can be explained as follows (the numbers refer to Figure 3):

1. **Purpose** — To utilise expertise the organisation's desired outcome is to be *transparent* to all involved. This is the first step of DICE (Define). In the case of Buurtzorg this is relatively easy, as its self-managing teams are very homogenous, consisting out of qualified nurses. Still, having a clear organisational purpose is essential. In the Define-step the environment's conditions (internal and external) in which the purpose is to be achieved is to be defined as well (e.g., available resources, stakeholders, potential political changes)
2. **An environment of no-decision-making** — Utilising expertise means that most choices that will be made can be fully substantiated. Buurtzorg tries to avoid making choices which are not fully substantiated (a.k.a. decisions). Its office performs certain administrative, legal and financial tasks and provides support, but it does not produce directives, rules or protocols. Its coaches don't make decisions for the teams, and the team meetings are set up to assure

everyone's expertise is brought to the table and decision making is consequently minimised (both of which will be discussed below).

3. **Decision Free Leaders** — In DFS Decision Free Leaders are to create, sustain and communicate an environment of no-decision-making. In Buurtzorg this environment (the organisation's culture) is guarded by its CEO, the coaches, and during team meetings by the team-elected "facilitator". The CEO's role will be discussed further below.
4. **Transparency and objectivity** — One central challenge identified by DFS in optimally utilising expertise is establishing clear communication between experts and non-experts. This applies to communication within the teams, between the teams, and between the teams and the office. In the case of Buurtzorg this challenge is considerably reduced because of its homogenous workforce (qualified nurses). But a transparent and objective way to measure performance is still pivotal. It allows the objective identification of one team's performance to the benefit of all the others, it allows coaches to become proactive in providing the support where it appears to be needed most, and it does away with the need for mechanisms of organisational control. At Buurtzorg this transparency and objectivity is achieved through a comprehensive IT system providing real-time insights into a range of (also performance) parameters. It also allows the teams to communicate with one another, offering necessary support and insight.

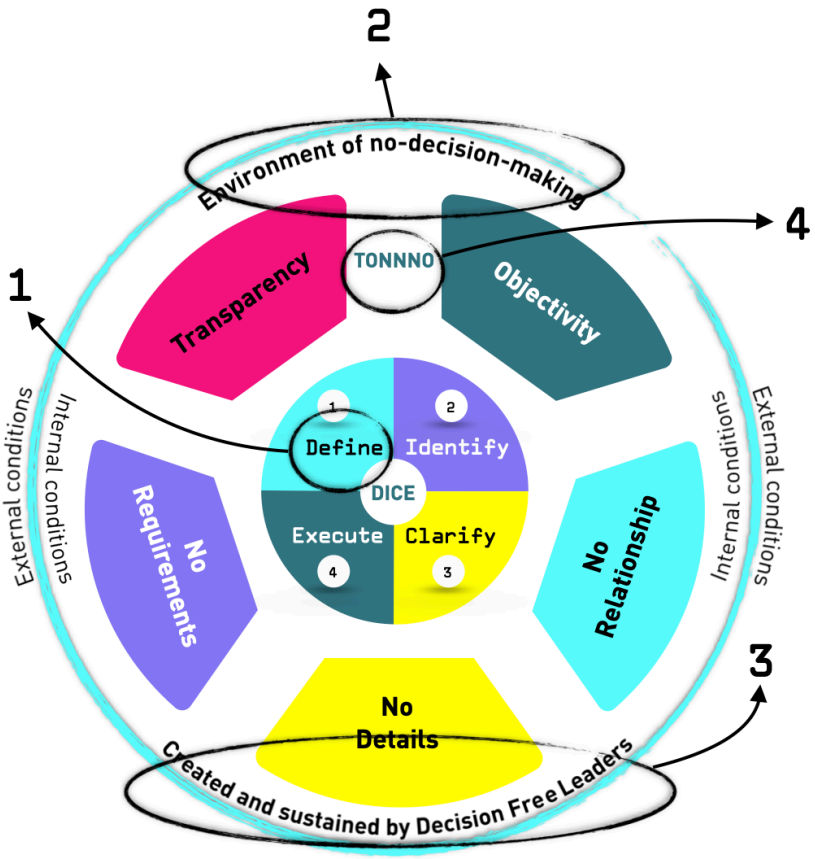


Figure 3. The approach of DFS used to explain Buurtzorg's structure.

Buurtzorg's coaches and meeting process

Buurtzorg's teams look after themselves in practically all aspects, but they are not simply left to their own devices. An essential element of the support structure provided by the office is coaching. Regional coaches play a crucial role in ensuring the self-managing teams remain on track. These coaches are invaluable, *but they have no decision-making power*.

From Laloux' book: "[Coaches] are not responsible for team results. They have no targets to reach and no profit-and-loss responsibility. [...] The coach's role is to let teams make their own choices, even if she believes she knows a better solution. The coach supports the team mostly by asking insightful questions and mirroring what she sees. The starting point is always to look for enthusiasm, strengths, and existing capabilities within the team" [2].

In the same book also Buurtzorg's meeting process is described [2]:

- There is no boss. No one can call the shots or make the final call.
- The group begins by choosing the meeting's facilitator.
- The agenda is determined on the spot.
- The facilitator can only ask questions, not make statements/suggestions/decisions.
- All proposals are listed on a flip-chart and reviewed/improved/refined one-by-one.
- Each proposal is put up for a "group decision".
- The basis for decision-making is *not* consensus, but *for nobody to have a principled objection* (in recognition of the fact that the "perfect solution" might not exist)
- Any proposal adopted this way can always be revisited if new information becomes available.
- If a team gets stuck, they can request external facilitation at any time, and also turn to other teams for suggestions (e.g. through the internal IT platform).

Buurtzorg's meeting process may since have been evolved, but there are some important observations to be made here. By avoiding hierarchy (no team leader, facilitator elected by the team, no single person setting the agenda), by assuring the topics for discussion are transparent to all, and by accepting proposals only when no principled (substantiated) objection is made the available expertise is fully utilised and decision making minimised.

The role of Buurtzorg's CEO

In DFS the responsibility of all leadership-roles throughout any organisation is always the same. It is *to create, sustain and communicate the conditions required to achieve the organisational unit's desired outcome at minimal risk* [4].

Buurtzorg's CEO — Jos de Blok — was also the organisation's founder. In an interview for a national newspaper about leadership he shared that within the organisation "leadership" is not a much-discussed topic. Jos de Blok's main organising principle, which is rooted in his own experience as a regional director of two nursing care organisations, is that managers should not have too much to say, as they readily get in the way of those who do the actual work. When asked directly whether he sees himself as the leader of the organisation, he says no. He isn't needed for any of the organisation's activities.

But he then goes on to state: "My role involves staying in touch with collaborative partnerships in twenty-five countries. On top of that I guard the principles, the flat organisation without the

unnecessary bureaucracy I have always envisioned. It is all very precarious. If you let go of the principles, Buurtzorg becomes a traditional organisation within years."

From DFS' perspective, Jos de Blok successfully takes on the organisation's most visible leadership-role through *communicating his beliefs and principles*. He does this in interviews, in management-literature, in a documentary and in many other, more subtle, but by no means less visible means. He doesn't wear suits, he doesn't have an executive office, his title on his LinkedIn profile is two dashes ("- -"), and he communicates his views through sharing and commenting on social media posts of others.

It could be argued that Jos de Blok is very much the personification of Buurtzorg's culture, and vice versa the organisation's culture is a reflection of Jos' beliefs. Consequently, Buurtzorg's main challenge may be sustaining its culture once its founder steps down.

Why K2K is so successful at organisational transformations

K2K's New Style of Relationships

Koldo Saratxaga, the founder of K2K Emocionando, began by implementing organisational changes in a technically bankrupt manufacturer of carriages and stagecoaches back in 1991 — resulting in an averaged annual growth of 24% for 14 consecutive years. The impact of his approach began to take flight with the creation of the K2K Emocionando-team in 2006. K2K has since transformed 70 dysfunctional organisations across diverse industries [3].

The approach, or perhaps better "outcome," of the efforts of the K2K Emocionando-team is called NER: New Style of Relationships. In the words of Pablo Aretxabala: "NER is about making people effective and the true center of organisations — working with absolute transparency, trust, freedom and responsibility. Those that have implemented NER have no hierarchical structure of any kind, no elements of control, no power struggles, no dark zones. Instead we have self-managed teams, responsibility, commitment, initiative and shared decision-making."

The steps taken to turn organisations around, and its view on leadership and decision making as shared here, are all taken from [3]. They are provided with comments from DFS' perspective. To copy K2K's measures one-to-one is unlikely to lead to success. By explaining the underlying principles they can be adjusted, however, to suit local circumstances. Sometimes they may even be improved upon.

Organisational changes made to turn a near-bankrupt company around

Back in the early nineties Koldo Saratxaga became the "General Co-ordinator" of a company whose survival was in the balance. To survive, and thrive, Koldo set out to create an environment that was "adaptive, resilient and responsive" to a world that was constantly changing.

Several of the measures taken (from [3]):

1. **Getting rid of the hierarchical pyramid with all its command-and-control mechanisms, and replacing it with a flat organisation which consisted of multidisciplinary, self-managed teams** — In DFS *hierarchical decision making* is to be overcome. The use of self-managed teams does away with much of the hierarchy, and thus starkly reduces hierarchical decision making as well. DFS stresses that "hierarchy" in itself is not the problem ("hierarchical decision making" is), and that also in the case of self-managed teams the remaining decision making within the teams (e.g., in meetings) is to be minimised as well.
2. **Team members were assigned to projects** — Assigning team members to projects is, potentially, a form of decision making (it may violate the principle of "no relationship" if someone is merely told to take on some task by someone else). In this particular case "assigning team members" may merely have been part of making the transition in the first place, and not how project teams are created today. From the text it is not clear.
3. **Team members were able to elect their leaders** — In DFS the leadership-role is responsible for creating the conditions in which all team members can bring their expertise to the table. To take on this role successfully requires a high level of perceptiveness [4]. This can't be measured, but it can be observed. Which is what people working together do. Consequently, to have "team-appointed leaders" is a very powerful mechanism. With a few caveats. 1) The team may be newly formed and too few observations have been made to base an appointment

on, 2) in absence of any guidance the team members may make the mistake of identifying the "specialist" instead, and 3) there may be no one in the team who is truly suited to take on the leadership-role.

4. **Manufacturing and service facilities were relocated to one floor** — DFS identifies communication between experts and experts-in-something-else as one of two major challenges. To improve communication between various disciplines increasing the frequency of interaction contributes to better alignment and increased transparency.
5. **The self-managed teams could set their own objectives and time schedules** — Having *Defined* a team's desired outcome, and having *Identified* the employees who can help achieve it, then it are, logically, the same people who are to *Clarify* how this outcome can be achieved. The team sets the objectives and makes the plan.
6. **Most of the old control mechanisms were removed** — If the organisational culture provides the conditions to utilise expertise — clearly defined goals, minimised decision making, perceptive team leaders, teams setting their own objectives — responsibility and accountability automatically follow. Control mechanisms are both *no longer needed*, and also *impossible to implement* (what do you want to control?).
7. **All privileges were removed** — These included no private offices, no special dining rooms, no reserved parking, no bonuses or incentives for individual performance, and no special access to information. These measures contribute to a better communication, a "safer" environment (see next point), and greater transparency. The concept of *individual* bonuses and incentives is especially problematic — and absent in DF Organisations — as it falsely assumes that 1) performance hinges on the individual instead of the team, and 2) that individual workers can be influenced/motivated to "add more value" if you promise extra financial compensation.
8. **Evaluation was based solely on team performance** — To utilise expertise (hierarchical) decision making is to be avoided. But expertise should also be put on the table, and thus the culture must also be "safe" and encourage everyone to speak up and share ideas (e.g., by removing remaining symbols of hierarchy so that everyone feels equal). Individual evaluations are *non-sensical* as someone's performance is dependent on a range of factors the individual has *no control* over. Evaluations based on team performance, on the other hand, contribute to a safe environment.
9. **Make objectives and results known throughout the organisation** — This was done both for the objectives and results of the individual teams as well as those of the organisation as a whole. The (financial) information of how the organisation is doing is important as all the teams operate within this organisation. It is essential information in DFS' *Define*-step, as it of great importance in determining a team's objectives and the availability of the resources that would be required. It is also essential to share real-time performance information to prevent mechanisms of control to kick in (such as meetings, progress reports, and sharing a lot of information).

K2K and leadership

In DFS the leadership-role is *to create, sustain and communicate the conditions required to achieve the organisational unit's desired outcome at minimal risk* [4].

When it comes to K2K Emocionando helping transforming organisations, Koldo Saratxaga says the following about leadership:

- **Leaders should create an environment in which employees can excel** — which aligns with the DFS definition of the leadership-role.
- **Leaders have no power** — In DFS leaders should create conditions, not make decisions, and thus are not in need of traditional hierarchical powers. In hierarchical organisations, however, managers who take on the leadership-role may still be "gatekeepers" of some sort. From DFS' perspective this is not problematic, as long as these gatekeepers avoid decision making. Instead of managing by decision making they can e.g. manage by approval (see [6])
- **Leaders don't get extra salary** — In an organisation without a hierarchy of note, and without job descriptions etched in stone, the compensation system requires a different approach. Most importantly, it must be transparent. From the perspective of DFS leaders may or may not get extra salary, as long as it is substantiated.
- **Leaders merely co-ordinate and communicate with other teams** — This is required to ensure the team can achieve its objectives at minimal risk. But coordination and communication with other teams alone does not *create* an environment in which employees can excel. This statement is at odds with the first one.
- **Teams can spread the leadership-role across two or more people** — The moment you take "decision making privileges" away from the leadership-role, then the leadership-role is merely a *role* and not a *function*. The leadership-role can thus readily be taken up by more than one person. To make this work the leadership-role must be well-defined.
- **Teams can replace the leader at any time** — Although it would be counterproductive *not to replace* someone who isn't up to the task, this "rule" also indicates that there is decision making involved in selecting the leader in the first place. A support structure for team leaders ("advisors" who don't have decision making power either) may be advisable.

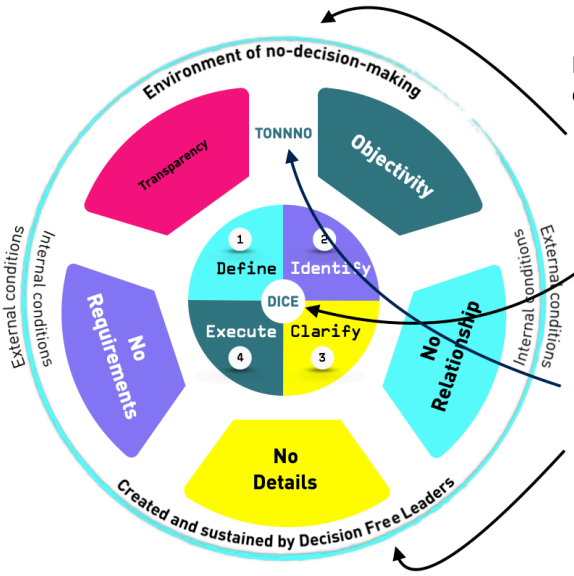
K2K and Decision Making

In DFS a "decision" is a special type of choice: a choice which is not fully substantiated to contribute to achieving a desired outcome. To minimise decision making desired outcomes must be transparent and non-ambiguous, and expertise is to be utilised to fully substantiate as many choices as possible.

Koldo Saratxaga says the following regarding decision making:

- **Top-down decision making was stopped** — No hierarchical decision making.
- **Every decision taken involves the people it affects** — This will go a long way in ensuring that available expertise is optimally utilised. In DFS those choices which cannot be fully substantiated are to be at least considered for risk management.
- **Decision-making must be shared** — In DFS decision making is to be avoided first, minimised second, and the associated risk managed third. In the context of K2K Emocionando "sharing decision making" may be another way of saying that there is no such thing as hierarchical decision making. But "shared decision making" as e.g. advocated in healthcare tends to come down to *distributing the responsibility* of making the decision. It doesn't avoid the decision, and it doesn't minimise the associated risk either.
- **For decision making it is crucial to have full transparency** — Full transparency is what is needed to be able to fully substantiate a choice and thus minimise the risk it will not contribute to the desired outcome.

A summary of Koldo Saratxaga's approach, on which K2K approach is based, is provided in Figure 4.



Koldo Saratxaga's approach in turning around his first company:

1. Hierarchical decision making is removed, available expertise brought in to avoid decision making where possible, but decisions which cannot be avoided may not be identified and treated as risks.
2. DICE: Self-managed teams were created to accomplish a certain task (D), team members assigned (I), who then could set their objectives and timelines (CE). Here the identification process may have involved decision making.
3. TONNNO: Workers received a high degree of autonomy without control mechanisms (No requirements).
4. The leader's responsibility is to create an environment in which employees can excel. Leaders were appointed by the team (increasing likelihood of selecting someone with high level of perceptiveness), and had no decision making powers.

Figure 4. Koldo Saratxaga's approach in turning around his first company.

The RenDanHeYi-model — Haier's lastest transformation

Can DFS improve the world's most advanced organisational system?

There are many famous examples of organisations which went bankrupt because they failed to adapt the desired outcome to a changing environment. In contrast, Haier — a Chinese white goods and electronics manufacturer — is a spectacular example of an organisation undergoing a series of transformations in response to a change in the organisation's desired outcome and its environment.

Each sequential transformation, from a traditional pyramidical structure to today's "platform ecosystem" has been made in response to a changing desired outcome in a rapidly changing world. With each transformation organisational decision making got minimised, to the point that, today, employees can start their own micro-enterprise when they see an unserved need in the market.

Based on the DFS guidelines — and not hindered by any knowledge of existing challenges — a series of enhancements to Haier's world famous organisational model are suggested. It is to demonstrate that the logic of DFS can be applied to even the most advanced organisational system and come up with suggestions to further improve it.

Haier's journey towards optimal utilisation of expertise

All of Haier's transformations have taken place under the leadership of its CEO Zhang Ruimin. He turned Haier from a small near-bankrupt fridge company to the world's largest manufacturer of household appliances. This remarkable journey took four decades and five organisational transformations.

In 1984 Zhang started as the head of a local refrigerator company with a poor track record of building fridges. The first transformation he initiated was to organise the factory as a pyramid and focus on constant improvement and innovation This resulted in Haier becoming a recognised high-quality vendor in China. In this transformation the company employed hierarchical decision making and, rather than customer needs, the quality of their own products were the focal point.

The next transformation was triggered by a change in desired outcome. Haier's goal shifted towards achieving global recognition. This meant diversifying, mainly through buying up other factories. When the rapid growth highlighted the limitations of the hierarchical pyramid he implemented the matrix model, accompanied by initiatives to stimulate innovation. Haier became China's largest fridge manufacturer and began exporting fridges under its own brand name.

This system still was run on the basis of decision making and mechanisms of control. When the organisation continued growing, once again limits of the organisational structure were identified. "Production slowed, frustration set in, internal systems seemed to be losing efficiency. People were spending more time writing reports than working for clients" [3].

With the onset of the internet, the organisation had to deal with customers who could compare products and who wanted their specific needs met. Haier responded to this change by changing its desired outcome yet again. It decided to produce to order, and increased local production by buying out brands in Japan, New-Zealand and America. But also the "satellite structure" had bottlenecks when it came to the new goal of trying to please clients.

The next transformation was dividing the company up in 2'000 self-organising and largely autonomous units known as ZZJYTs. These units had the freedom to innovate, to propose new products or services. Whenever an idea was good enough to start a new unit, employees could simply join if they thought they would be able to add value. This structure tapped into the expertise of its employees more successfully, but still contained a lot of silos and overhead.

Triggered by the fast proliferation of the internet, and the development of online platforms, Zhang implemented the fifth and current transformation. This time "with the goal of eliminating bureaucracy, taking down organisational walls, improving response time, and encouraging entrepreneurial thinking" [3]. In one big swoop 12'000 middle-management positions disappeared.

Two thousand ZZJYTs became 4'000 micro-enterprises of, on average, 15 employees. The enterprises were responsible for providing products and services, keeping the company afloat, and ensuring optimal customer care. They were able to "take almost all their decisions without consulting superiors or breaking protocol" [3]. All these enterprises connect with each other and create a market-place where all companies are affiliated with the same online platforms to collaborate and co-operate. Zhang himself is quoted to say that: "we try to organise ourselves like a rainforest. Eventually, every empire will collapse. A rainforest, on the other hand, will continue" [3].

As will be touched upon below, the metaphor of a rainforest for Haier's ecosystem may also hold in other aspects:

- A rainforest is extremely resilient, but it is also a brutal and ruthless place.
- A rainforest knows no delay in responding to change, but it doesn't try to keep anything alive either.
- In a rainforest nobody makes decisions, if only because there is no "desired outcome", let alone conflicting desired outcomes — which is why a rainforest can't fail, either.
- Also, in a rainforest there are no incentives nudging organisms in a particular direction.

The RenDanHeYi-model in a nutshell

Haier's last transformation — implementing the RenDanHeYi model — has resulted in what is often called a platform ecosystem (other examples are Amazon and Google). But whatever it is called, it is both complex and powerful, as Haier's spectacular growth demonstrates. Over the last few years quite a few books and countless articles have been published on Haier, and there is much more to come.

From DFS's perspective, Haier's latest transformation continues the trend that with each transformation decision making is further minimised. This perspective does not explain how Haier "works," but it does provide logic and guidelines to explain potential challenges, and to propose further improvements.

The RenDanHeYi-model has no equivalent name in English. In Zhang's words: "Literally, "Ren" refers to each employee, "Dan" refers to the needs of each user, and "HeYi" refers to the connection between each employee and the needs of each user."

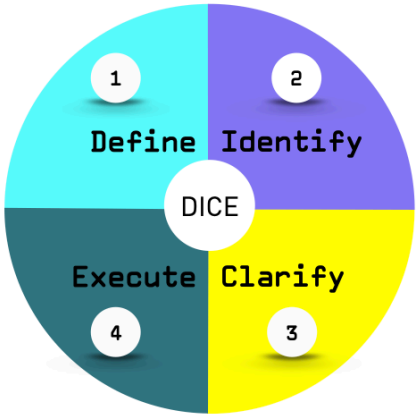
In other words, RenDanHeYi is an entrepreneurial philosophy, in which meeting the needs of the end user is the primary goal. Work is done not for the company but for the end user, be it an internal or external customer.

At Haier, employees can start their own micro-enterprise. Instead of someone *defining* some desired outcome, and then *identifying* the experts who can achieve it, the experts who are dealing with the end users can *perceive* the customer's needs and propose solutions themselves (this is also referred to as "zero distance"). There are practically no assumptions or decisions to be made in setting a micro-enterprise up for success.

In order to get funding for their enterprise, the founders have to make it transparent that there is indeed a demand for their desired outcome. They have to *clarify* how the desired outcome will be achieved to get the means to *execute* it. Here, too, the need for transparency and substantiations results in minimising decision making.

Haier's platforms allow "start ups" to get all they need — capital, suppliers, partners, other micro-enterprises, platform partners — to start their business. All without managers telling anybody what to do or how to do it (no decision making). But not entirely without guidance, as these micro-enterprises still are part of Haier.

It goes without saying that as consumer needs change, new micro-enterprises may pop up, and existing micro-enterprises may begin to struggle. This natural "competition" between micro-enterprises has to be dealt with. More on this below.



In the RenDanHeYi-model anyone who perceives a product or service for which there is customer demand can Define this desired outcome. These may be the same people who have the expertise to achieve it, foregoing the need for the Identify step. In order to realise their micro-enterprise (e.g., access to venture capital) they have to Clarify how the desired outcome will be achieved (plan) and that there is, indeed, a demand for it. Haier's internal platforms provide access to all that is required to Execute the clarified plan.

Figure 5. In the RenDanHeYi-model the people who define a desired outcome to be achieved can be the same people who can minimise the risk in achieving this desired outcome.

Leadership-roles at Haier

According to Zhang, the job of the senior leader within Haier is to lead without directing, and to create a context in which others can make their own substantiated choices. In the RenDanHeYi-model each micro-enterprise determines their own course, shaped by the needs of the user they are focused on. The role of senior leadership is to remove barriers to their success, to encourage interconnections between platform participants, and to foster healthy adaptive ecosystems.

In other words, the job of the senior leader is *to create, sustain and communicate the conditions required to achieve the organisational unit's desired outcome at minimal risk*. Which is how DFS defines the responsibility of *all* leadership-roles *throughout* the organisation.

With each micro-enterprise, new leadership-roles are created. The qualities that resulting in the identification of a new customer need, will not always be the same qualities needed to successfully take on a leadership-role — a high level of perceptiveness (see [4]).

Haier's start-up micro-enterprises have a success rate of approximately 50%, which is spectacular in comparison with the success rate (8%) of start-ups in general. I do not know of an analysis of why, still, one in two micro-enterprises fail. Perhaps this is, somehow, a "healthy" rate, or perhaps it can be improved. Some suggestions made in the next section could play a role in doing so.

Suggestions to further improve Haier's performance

Not hindered by any detailed knowledge of how its processes are organised or what challenges it faces, DFS can still provide pointers to *potential* challenges and improvements. The starting point is always creating the conditions to optimally utilise available expertise and minimise decision making.

A rainforest's ruthlessness

Haier's RenDanHeYi-model is uniquely successful on a company level. The model also showed to create unhealthy internal competition between micro-enterprises. In an attempt to remedy this situation Ecosystem Micro-enterprise Communities (EMCs) were introduced.

The metaphor of a rainforest is interesting in several ways. A rainforest is extremely resilient
A rainforest will thrive as a whole, but this does not hold up for all of the organisms that make up the rainforest. As in a rainforest, micro-enterprises compete with each other for resources. When conditions change, so will the rainforest. At Haier, a structure is in place to spawn new micro-enterprises to deal with this change.

There is one crucial difference between a rainforest and an organisation, however. A rainforest doesn't have a purpose. Consequently rainforests don't have to make choices. There are no incentives in a rainforest. A rainforest can't fail.

Zero distance and competing desired outcomes

In Figure 6A an, of course, simplified model of Haier's RenDanHeYi model is shown. A number of linked Micro-enterprises (ME) have their desired outcome aligned with a User Need (concept of zero distance). Theses MEs are responsible for their own survival (they may be out of a job if the ME. fails), and people working in an ME may also have a financial incentive for the ME to do well (e.g. they may be shareholders of the ME). All of the MEs also operate within the greater Haier network, and Haier, as a company, also has a desired outcome.

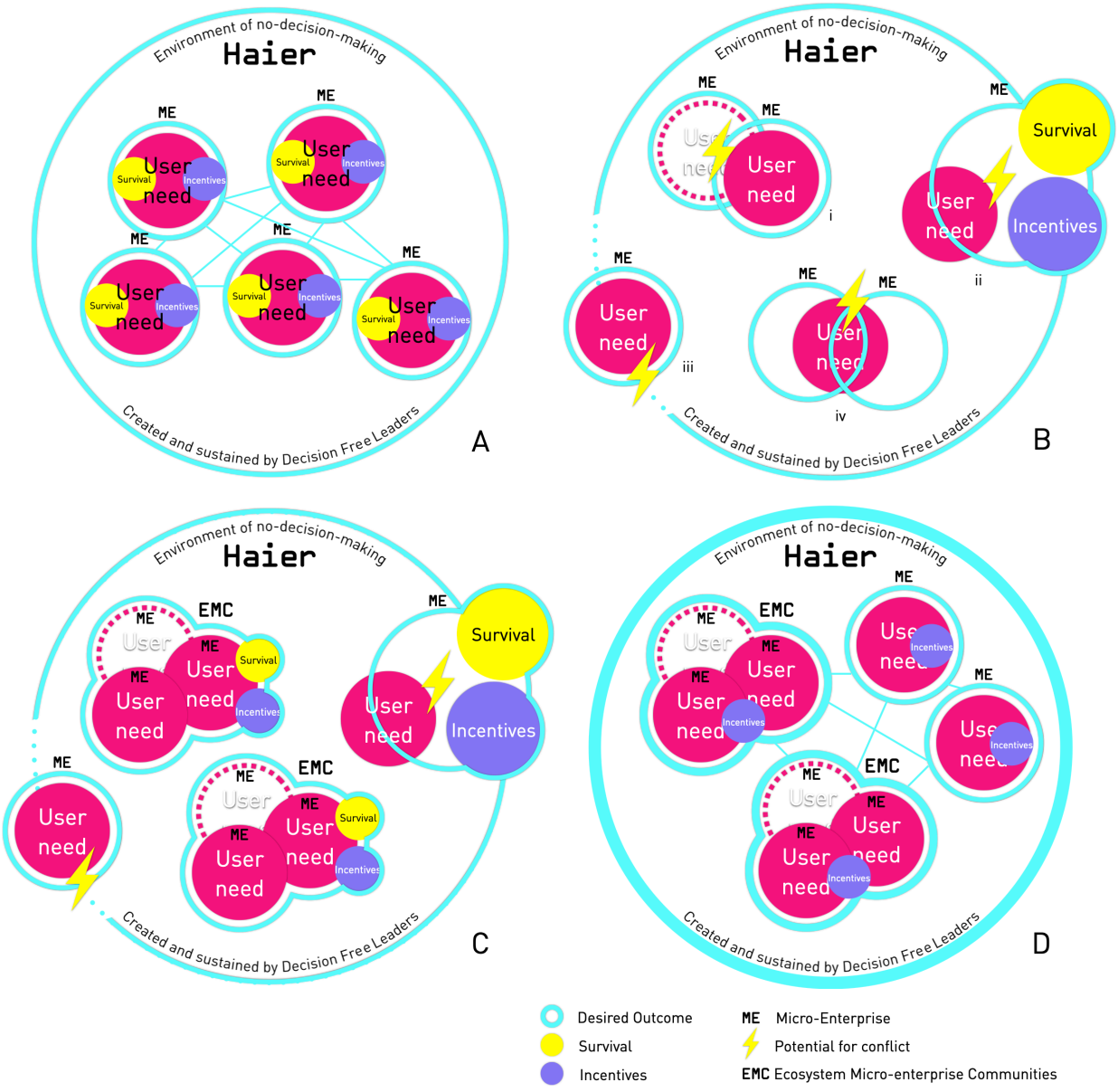


Figure 6. The role of "survival" and "incentives" in Haier's RenDanHeYi model of "zero distance".

In Figure 6B a number of potential conflicts are introduced. User Needs can shift over time (i), and a new ME can be formed to serve this need, which could end up being in direct competition with an existing ME. The "battle for survival" (with people's jobs on the line), and financial incentives (e.g., risk of losing shareholder value) may become "desired outcomes" themselves, competing or even taking precedence over the desired outcome of "zero distance" (ii). In absence of an overarching and non-ambiguous definition of Haier's desired outcome, some MEs may end up developing activities which may be at odds with, or somehow work against Haier's desired outcome (iii). MEs may also, at least in theory, partially capture different aspects of a User Need, and thus end up competing (iv).

In Figure 6C the introduction of EMCs will resolve some of these potential conflicts by defining, in essence, an"umbrella" desired outcome for a range of MEs. But if for MEs survival is still on the

line, and there are still incentives at play, and if the desired outcome *at a company level* is providing insufficient guidance as how to develop forward, there will still be potential for conflict.

Anchoring the concept of "zero distance" and Haier's overarching desired outcome

In Figure 6D three suggestions to improve Haier's model have been incorporated. First, "survival" has been taken out of the equation. If MEs no longer serve a User Need, instead of starting a struggle for survival they are best dissolved. This could mean considering e.g. a job-reallocation system, redistributing resources over other MEs. One way or another, it should also be in the employees' best interest to end an ME which no longer achieves zero distance.

Second, any incentive in place should no longer be allowed to play a role in substantiating choices the ME makes. Financial incentives (such as shares) often play a central role in spawning MEs. This is the entrepreneurship that makes Haier successful. If share value begins or threatens to drop, this may begin to affect the choices the ME makes. A system or procedure which "locks in" share value, and prevents dwindling share value to affect the MEs course (e.g., by dissolving the ME without people immediately losing their job) will be in support of MEs keeping zero distance. When incentives are used to help spawn new MEs, but are prevented from unnecessarily prolonging MEs existence when they fail to fulfil User Needs, then this will facilitate to dissolve MEs and to free up resources for new start ups.

Third, Haier's overarching desired outcome is to provide as much guidance to the operation of MEs and EMCs as it possibly can. What are the core principles, what is to be strived for, what is to be avoided. In a rainforest life-or-death struggles between organisms are without meaning or consequence. The rainforest, in absence of purpose, always "wins". This is not true for Haier. Internal conflicts costs resources, affecting Haier's bottom line. A non-ambiguous and guiding desired outcome, communicated and sustained by senior leadership, will benefit both Haier's culture and its bottom line.

Leadership-roles and growing pains in micro-enterprises

Each ME starts with the identification of a customer need, and the subsequent substantiation of this need and how to address it in order to receive capital and other resources to be able to start the business. As MEs grow the people who identified the need and know how to serve it are required to hire and fire people, to determine salaries and or whether to hand out shares. They begin to build a culture.

The people who start the micro-enterprise are not necessarily "qualified" for these tasks, or, vice versa, can use their time best in their own field of expertise. MEs may be in need of assistance with leadership-roles to create a culture of no-decision-making (how to communicate, how to ensure decision making is avoided during meetings). As MEs grow, and new challenges arise, decision making will become more frequent otherwise. Some central program offering guidelines and assistance (without decision making powers), or else other MEs focussed on helping out with start up MEs (if they don't already exist), may result in a still higher start up success rate.

Identifying expertise

As MEs grow they need to employ more people. Along the line of "hire for culture, train for skills," a "employee-resource platform" could aid in identifying the expertise an ME is in need of. This would not be a traditional job-board listing open positions and functional requirements. Instead MEs would provide descriptions of the kind of contribution (desired outcome) they are looking for in a new employee, and in which environment it is to be achieved (e.g., how dynamic). Those who want to join the ME are invited to offer substantiations as to why they think they bring what it takes for that role in that environment. Given Haier's dynamic ecosystem, having a high level of perceptiveness will always be of importance. A system of scoring an employee's contribution to the working culture (by other employees) may be both a practical and also powerful way to aid in identifying the people with the right skill-set.

Haier's paradox

Haier's success and the RenDanHeyi model have gained a lot of attention. Through visits, conferences, seminars, literature and publications tens of thousands of people have become familiar with it. Yet few companies have been able to translate and adapt the model to their own situation.

There are a couple of possible explanations for this:

- Haier went through four decades of transformations and also growth, and arrived at a model largely through experimentation. This journey has resulted in a mindset and culture which can't be copied.
- The system itself (and the environment in which it functions) is too complex to copy — the way a rainforest can't be copied either.
- The RenDanHeyi model thrives primarily in markets flush with metrics (related to user needs and to measure performance), increasing the challenge for organisations in other types of markets.
- The investment in setting up the required platform structure may be prohibitive.

Another explanation is that, for all the publications and models and explanations offered, there are few guiding principles which organisations can use to implement the model within their particular environment, and at a scale and pace that suits them.

Lessons from the transformation of a Ministry of Social Security

The successful organisational transformation of the Belgian Ministry of Social Security under the leadership of Frank van Massenhove, and as described in [3], is interesting for several reasons:

- It demonstrates that organisational transformations can take place also in very traditional, hierarchical and a "neglected and dusty" organisation.
- That a transformation can be successful also in absence of any mandate or buy-in.
- That creating the conditions for employees to utilise their expertise resolves frustrations.

How to start change in a traditional organisation?

Frank van Massenhove became the head of the organisation by lying during the interviews. "If I was completely honest about my plan not to take all the decisions myself and give employees the power, I wouldn't have been appointed. So, I told them what they wanted to hear'' [3].

Traditional hierarchical organisations, employing hierarchical decision making, typically need to be on the brink of bankruptcy to make a much needed change. In absence of that, the biases in the decision making of higher management, and its focus on experience instead of expertise, works against making meaningful change.

DFS's motto is Resolve frustrations, Utilise expertise, Free up resources, Make change happen. The example of the Belgian Ministry of Social Security shows that even in absence of a mandate or a buy-in from employees, transformation can be successful. For the very simple reason that any change towards utilising the expertise of employees better automatically resolves workplace frustrations. It is the one change that finds little to no resistance.

Winning the "Gender Balanced Organisation Award" without trying

The goal of the organisational change was "to make civil servants happy and create a more efficient government, to become an attractive place where customers and employees feel at home" [3]. The transformation took approximately three years and was mainly thought-out by the employees themselves, often after visiting other organisations. The ministry now operates in a network-of-teams structure, increased productivity (18% in the first three years, 10% annually after that), has the lowest number of illness-related absences in Belgium (virtually no burnouts), and instead of 3 the ministry now receives an average of 60 applications per vacancy [3].

One of the major changes introduced was to focus on results and not time spent behind the office. An infrastructure was set up create the freedom and flexibility to work at the times, and from a location, which suited the employees. No one checks hours, the focus is entirely on results.

This change allows for a much better work-life balance. One of the consequences has been that women are no longer "forced" into part-time employment. In each department the sexes are equally represented, which resulted in the organisation receiving the "Gender Balanced Organisation Award" in absence of a gender policy in place.

Utilising expertise resolves workplace frustrations. Decision making, rules and protocols hamper the utilisation of expertise. A gender policy is, in itself, also a form of decision making. A gender

policy might actually have made it harder for women with young families to find employment with such a policy in place.

According to DFS, a logical outcome of utilising expertise and avoiding decision making is that the percentage of women in leadership-roles throughout the organisation correlates with the percentage of women in the workforce. Whether this is also the case at the Ministry of Social Security wasn't mentioned, but it would be an interesting data point.

The importance of purpose and perceptiveness

The relation between purpose and perceptiveness

To replace decision making with substantiated choices, desired outcomes must be non-ambiguous. An organisation's overarching purpose (the organisation's goal and reason for existence) provides important context for everyone to better understand the desired outcomes at every level within an organisation. The organisation's purpose — the ultimate desired outcome — thus is of great importance in minimising decision making.

Organisations operating in dynamic environments are in need of people with a high level of perceptiveness. This is especially the case when the organisational culture itself is dynamic (e.g., self-managing teams). But also in organisations active in more static environments, people with a high level of perceptiveness are *still* required: to take on leadership-roles. As anything out of the ordinary (e.g., lack of resources, conflicts) is usually escalated up the hierarchy (if there is one) and lands at the feet of leadership-roles. In all instances, those taking on leadership-roles have to be able to deal with change [4].

People with a high level of perceptiveness — which to all extents and purposes is a personal 'trait' [4] — are better able to see the interconnectedness between many aspects in their environment. This both results in 1) a range of observable behavioural characteristics consistent with a high level of perceptiveness [4], and 2) a greater interest in organisational purposes which are defined in a broader context (as opposed to offering products/services merely to generate profit).

Attracting or identifying people with a high level of perceptiveness — which are likely to significantly contribute to organisational performance — can be done through organisational purpose and through the selection based on certain characteristics (instead of e.g. experience or diplomas).

Patagonia's comprehensive purpose

Patagonia is an American retail company founded by a fanatical mountaineer who started out making his own specialised high-quality climbing equipment. Today the company makes equipment for a range of sports, all of which prioritise a bond between athlete and nature.

Patagonia's mission statement is "*Build the best products, use no unnecessary harm, use business to inspire and implement solutions to the environmental crisis*."

Patagonia's purpose is directly linked to the environment, and provides a compass for the choices that need to be made. It thus decisively contributes to the working culture and to how business is to be done.

Building the best products translates not just to gear, but everything, including the company's childcare service. Implementing solutions to the environmental crisis — including a move to organically grown cotton — trumped securing growth of revenue. From [3]: "Patagonia people have a uniting sense of purpose. This minimises the need for rules and regulations. The credo acts as a guideline for every project. It improves efficiency and communication, as well as autonomy. No one's waiting for orders from the boss before acting."

A town council selecting based on level of perceptiveness

In 2012 several Dutch municipalities fused into one: Hollands Kroon. The newly formed council set out to offer their services with "speed, efficiency and customisation." They, with input from all employees, defined six core values which are part of their identity: trust, grit, enthusiasm, contact, respect, and innovation. They got rid of 70% of the existing rules, and became the first municipality to deliver passports at no cost, six days a week, anywhere in the Netherlands [3].

To make this possible those joining the town council must sit "the core values test". In the words of one of the directors: "This helps them to decided whether [the town council] will suit them. [...] CVs do not matter, personalities do. Only when there is a good fit will a candidate go through to the next round when skills become a consideration" [3].

The core-values listed include several characteristics which can be linked to a high level of perceptiveness (especially trust, respect and contact). By selecting on these core values people with a higher level of perceptiveness will be identified, contributing to a work culture allowing expertise to be utilised and optimal organisational performance.

Spotify's need for employees with a high level of perceptiveness

Spotify is a successful digital music service giving access to millions of songs. It grew from 300 employees in 2011 to 3,000 in 2018. Spotify's work culture is non-traditional. Instead of a hierarchical structure they have "squads", "tribes", and "guilds", which function as different ways of organising and performing work with more accountability and autonomy.

Spotify's work culture, given its dependence on accountability and autonomy, relies on a sufficient share of employees having a high level of perceptiveness. The core-values for its workforce are community, motivation and trust.

Spotify is able to attract people through their passion for music. Artists are known to stop by the office and employees can enjoy lunch jam sessions as well. Spotify knows that communities are not only formed around work, but also our collective passions.

At Spotify recruitment abides by the motto "Hire for culture, train for skills," where the culture demands a high level of perceptiveness. According to its HR director, they first did it the other way around, which made it difficult *not* to hire someone with great skills but who did not match their core values. Now that they do the cultural interview first, "this little change really helped strengthen us" [3].

The Achilles heel of new ways of working is sustainability

Transforming the organisation is one thing

It has been shown time and again that it is possible to establish non-traditional ways of working which make better use of available expertise by minimising decision making. Such cultures can be created from scratch, or through a transformation.

The starting point for new companies is often inspirational, based on existing organisational examples, management philosophies such as Holacracy, or simply the observation that traditional ways of working are inefficient (e.g., Buurtzorg, Hollands Kroon).

Organisations which have made a transition often do so out of necessity. They were on the brink of bankruptcy before a visionary leader took over and began the transformation (e.g., Haier, Koldo Saratxaga, Ministry of Social Security).

In both cases there was a lot of experimentation involved, and a lot of lessons learned along the way, resulting in a particular successful way of working.

But such a work culture is constantly under threat. Often it is simply organisational growth which results in a regression to hierarchal ways of working. A culture may also hinge on the presence of a single visionary leader (e.g., the founder). Lessons learned may get lost over time as new employees — usually used to a traditional way of working — come on board, and the "why" of how things are organised may become blurry (and feel like another rule).

As in many organisations the new ways of working have been established relatively recently, they are often run by the same people who instigated the changes. But even in the case of a highly successful organisation such as Buurtzorg, created from scratch using the same principles, and operational for more than fifteen years, its CEO recognises that the culture remains under threat to fall back to traditional ways.

The threats to organisations with a new way of working

Work cultures set up to optimally utilise expertise all face several threats which need to be dealt with (numbers refer to Figure 7):

1. The organisation's culture (in support of an environment of no-decision-making) interacts with the outside world where other organisations and customers typically operate in traditional ways (rules, protocols, contracts) and rely on requirements and relationships. Also new employees tend to have experience with especially traditional ways of working.
2. If the established way of working is based on "experimentation" anything that is out of the ordinary may trigger a "traditional" organisational response. Also, when the collective memory of the "lessons learned" which resulted in a new way of working fades — e.g., because the organisation growths — it may get questioned and old mechanisms may gradually return.
3. The culture that allowed and sustains the new way of working needs to be protected against the previously mentioned threats. In many instances the new of working was built on the vision of a few or even only one individual. Through their efforts, and the continuous

communication of their vision, they build and guard the organisation's culture. They are the organisation's "Decision Free Leaders". But one day they will leave the organisation…

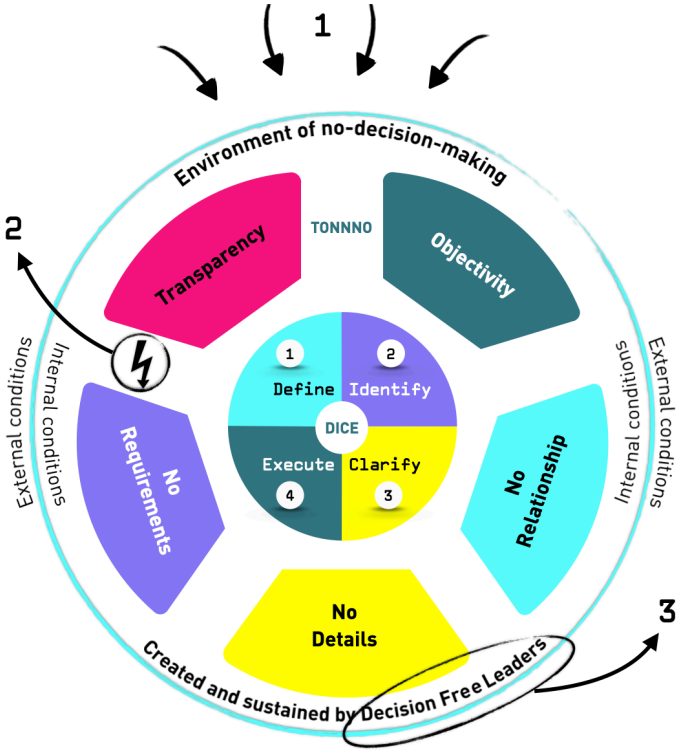


Figure 7 . Overview of threats to a culture set up to optimally use expertise.

How to sustain a new way of working?

DFS proposes three ways to make a new way of working more sustainable:

- Establish that it is the responsibility of everyone taking on a leadership-role throughout the organisation — from the CEO to a meeting's facilitator — to communicate and sustain the conditions to optimally utilise expertise. Buurtzorg's CEO may have no active role in daily operations, but he still sustains the culture through the communication of his vision in sometimes subtle but still noticeable ways. He does so e.g. through the absence of any executive privileges, through the posts he shares and comments upon on social media, and through interviews and publications.
- Identify those with a high level of perceptiveness to take on leadership-roles throughout the organisation as they are best able to deal with change. This can be done through the observation of behavioural characteristics or through colleagues assessing one another and their manager.
- Encourage everyone to identify both decision making itself, as well as the circumstances that are likely to result in decision making. A shared awareness of the underlying mechanisms which hamper the utilisation of everyone's expertise empowers all employees to help sustaining the culture in support of a new way of working.

A salary structure in absence of traditional hierarchy

The final step in a company's transformation

Once an organisation sets out to optimally utilise everyone's expertise and steps away from a strictly adhered to hierarchy, hierarchical decision making, and narrowly defined functions, the traditional salary structure needs to be replaced. A new compensation scheme is required which is no longer primarily based on hierarchical position, education and experience.

Someone's salary is an expression of someone's value to the organisation. Changing the salary structure — especially *replacing* a salary structure — is often the last step taken in a transformation. And for good reason. It is merely logical for an organisation to first establish the conditions for everyone to bring in their skills and talents *before* addressing the dichotomy between collective performance and individual rewards.

Many companies have tried a range of approaches. Often these approaches needed adjusting and, in turn, invited new rules and procedures. Here two approaches are shared — avoiding decision making to a lesser and greater degree — followed by a generic approach that follows from applying the DFS guidelines to this topic.

Setting your own salary — Smarkets

Smarkets offers a platform to simplify peer-to-peer trading on sporting and political events. When it comes to determining one's salary, Smarkets offers the following approach (from [3]):

- Everyone can put in a *business case* for a salary increase. The data include 1) a benchmark against performance, 2) market rates, 3) peer response.
- A salary committee of peers views and provides feedback on the business case (but the committee doesn't decide anything)
- The person asking for a salary increase determines his/her own salary.
- This new salary is published.
- If anyone has an issue with this suggested salary he/she can give feedback.
- If differences can't be resolved, they take up conflict resolution (which typically involves mediators).

Arguing for one's own salary increase sounds attractive. According to the chief communication officer at Smarkets outlandish requests for more salary don't happen in practice, because of 1) trust, 2) a salary commission which gives advice and which can apply pressure, 3) peer pressure following publication of the salary [3].

This procedure relies heavily on substantiation (making a business case), but the control mechanisms in place are an indication that decision making still plays a considerable role. Not everyone good at his/her job may be able to create a business case, or his/her contribution may not translate into measurable (individual) performance (e.g., contribution to culture).

The radical simplification of salary scales — Freitag

Following an organisational transformation the Swiss company Freitag (making bags and accessories from truck tarpaulins, approx. 250 employees) adopted a new salary model in 2019. The

existing system had many levels, where everyone negotiated for themselves, without clear principles, and where decisions were also dependent on someone's particular boss. About the new system the following was shared in [7]:

- Freitag went from 17 salary levels to 4. The levels are based on the roles that someone fulfils.
- Each "team leader," with the support of a HR sparring partner, assigns roles to a salary level.
- Other factors impacting salary are:
  - Experience
  - Social behaviour
- To this end a catalogue of competencies has been defined which are evaluated by role. Annual feedback from team members provides the team leader with a basis for evaluating how well someone fits his/her role.
- If the company is profitable over and beyond a certain level, 20% of it is distributed to everyone. Of this sum 20% is the same for everyone, 70% depends on the basic salary, and 10% is reserved for a use/donation that is determined collectively.
- There is no bonus for individuals.
- The highest salary is about four times the lowest.
- The salary levels and the process itself are transparent (allowing for the *approximate* determination of someone's salary)
- The compensation system has been independently verified to pay equal salaries for work of equal value.

At Freitag salaries are *not* public and employees do *not* set their own salary. The salary system is simple and transparent. It hinges on someone assigning a salary to a certain role, but because there are only four salary levels to choose between it becomes easier to substantiate why a certain role belongs to a certain category. At Freitag someone's contribution to the culture ("social behaviour") is scored by one's colleagues. This way someone's level of perceptiveness is, at least somewhat, taken into account in the salary. In recognition of the collective performance individual bonuses are avoided, and profit sharing is in place.

Creating a compensation scheme based on first principles

In this section is it explained how the DFS guidelines can help to set up a compensation scheme in an organisation which optimally utilises expertise. The aim of such a compensation scheme is the following:

1. It takes the overall organisational performance into account,
2. It provides "equal compensation for equal value,"
3. It is both transparent and objective,
4. It has the ability to resolve any issue which may arise based on guiding principles.

DFS states that all choices made must be substantiated. To minimise decision making it offers the principles of TONNNO: Transparency, Objectivity, No details, No requirements, No relationships. Applied to setting up a compensation scheme it suggests the following:

- **Transparency** means that it must be clear to the individual employee how the compensation system results in his/her salary. If it uses scales, it must be transparent what distinguishes these scales. If the system uses input/feedback from others, it must be both objective and transparent. If "market circumstances" play a role, it shall be transparent how this is taken

into account. If someone has a "final say," then this say must be substantiated. Ultimately, there must be a way to resolve any lingering issues.

- **Objectivity** implies that a compensation system, for as much as possible, is based on metrics. Colleagues providing feedback on how well a task is performed? Do it on a scale. Appraising someone's contribution to the culture? Score it. "Experience with the culture" deemed to be of value? Incorporate it.
- **No details** means that ambiguity should be avoided. Simplicity is key. If you use salary scales, use only a few. If you score, score e.g. 1, 5 or 10 and not on a scale from 1 to 10.
- **No requirements** is another way of saying that any "rule" put in place, e.g. a minimum or maximum salary, or a maximum ratio between both extremes, or the maximum possible increase/decrease in salary, must be explained. Explanations allow for challenges and also exceptions.
- **No relationships** means that no part of someone's salary is purely based on a relationship *without appraisal*. No part of the salary is to be related merely to the title of a role, the number of years someone is employed, or somebody's age.

From the above follows that:

- The feedback of colleagues/team members plays an important role, as they are best positioned to determine someone's contribution to both tasks and culture.
- That this feedback need to be, at least in part, be based on something that can be objectively scored, evaluated, and published.
- That, for scoring to take place, it should be transparent for all employees what is expected of them in terms of desired outcomes, both on a personal- and on a team-level.
- That the organisation's overall performance is transparent.
- That careful thought is given as to how to deal with outliers, unexpected and or special circumstances. The proposed guiding principle is: what does it mean for the organisation's *ability* to achieve the desired outcome (both in terms of performance and of culture).

Procuring expertise instead of products or services

The everyday challenge organisations face in procurement

Almost all organisations have a department of procurement to procure products and solutions. In many cases buying organisations have a good idea of what they need. But when the buyer lacks the expertise to confidently define requirements, or when organisational success hinges on the successful *delivery* of the vendor's solution, traditional procurement strategies — based on defining requirements, exchanging detailed information, contracts and control — are unable to identify the *expertise* they are in need of.

The everyday challenges organisations face when it comes to the procurement of products and services they are not the expert in, are the following:

- In absence of the required expertise the definition of (minimal) requirements becomes somewhat arbitrary (while still requiring a lot of resources). Based on such a list it becomes impossible to identify the expert vendor.
- The definition of "minimal requirements" benefits the vendors with minimal performance, allowing them to set their "maximum quality" and try to compete on price. The playing field is levelled to also allow the low-quality vendor to take part.
- Minimal requirements and bulky legal contracts *don't* guarantee performance. At best they help to obtain compensation in the case of a vendor's non-performance. However, this doesn't help the organisation in achieving its goals.
- Elaborate "competitive dialogues" with several vendors is very resource-intensive for all parties involved. Vendors tend to share a lot of information and explain the technical/functional advantages of their products/services in comparison to that of other vendors. But the buying organisation tends to lack the expertise to interpret and translate this information to their particular situation. There is also the risk that the offerings of the various vendors become more similar over time. This as a consequence of the buying organisation "sharing" ideas it likes between vendors.

The insights and shortcomings of the "Best Value Approach" in procurement

In the late 80's, Dean Kashiwagi recognised that selecting vendors based on requirements, and the buyer's application of management, directing and control in the delivery of the vendor's solutions, was both wasteful and resulted in poor outcomes. He introduced a performance based procurement system in 1991, which, after frequent iterations, became the Best Value Approach as it is known today [8,9].

The Best Value Approach (BVA) is based on several models introduced by Dean Kashiwagi, two of which are central to DFS as well (including the concept of linking behavioural characteristics to perceptiveness). The Best Value Approach is predominantly applied in procurement.

BVA introduced the idea that the buying organisation should no try to define a list of requirements, but instead define and share its desired outcome (what it hopes to achieve). Consequently, instead of selecting a vendor based on "scoring" its solution, it is to select a vendor based on its expertise in achieving the desired outcome.

Several of BVA's concepts and ideas were picked up by the procurement community in several countries, especially in the construction industry. But the Best Value Approach itself has not been widely adopted.

One of the reasons for this is that, traditionally, procurement departments are only responsible for *selecting* a vendor, and *not* for the *delivery* of the procured solution. The delivery of the solution was often still done in the traditional way: based on management, direction and control. Which caused a lot of confusion and frustration on, especially, the vendor's side.

But even in organisations where BVA was applied successfully, it was not sustainable. In absence of guidance by its founders every client reverted to management, direction and control.

The approach itself has several shortcomings. These shortcomings have been instructive in the early phase of development of DFS itself.

These are some of the challenges users of BVA faced in practice:

- BVA, recognising that most organisations were unable to adopt the approach without guidance, offers a structured step-by-step "template" as to how to run a tender. As each tender is unique, however, organisations came up with their own particular "hybrid" models.
- In absence of clear principles and guidelines, many of these "hybrid" solutions reintroduced elements of management, direction and control.
- Because of these hybrid solutions, vendors were never sure what to expect from a particular BVA-tender.
- BVA makes several assumptions which rarely hold up in practice:
  - The *buying* organisation has *no relevant expertise* to contribute to achieve the desired outcome.
  - There is a vendor out there who has *all of the expertise* required to achieve the buying organisation's desired outcome — and this vendor is also identified.
  - The buying organisation is not in need of any guidance to define a desired outcome, as the expert-vendor will *always correctly interpret* it (there is no "Definition" phase in BVA).
- BVA fails to clarify crucial terminology, resulting in jargon (making the communication between are and are not familiar with BVA near-impossible).
- It makes use of a license- and certification-system which has attracted consultants to provide BVA training programs. It has resulted in numerous "certified" practitioners running BVA-tenders who apply the BVA-template, but without understanding what BVA sets out to achieve.
- BVA, in any case, is unclear about what it wants to achieve. Even within the BVA-community there is no consensus about it.

Decision Free Procurement

DFS has been implemented in the field of procurement, resulting in the method of "Decision Free Procurement" (or DF Procurement or DFP). Here "procurement" refers to *both* the identification of a vendor *and* the delivery of the vendor's solution.

DFP is a method to procure and utilise the best available expertise to achieve the desired outcome at minimal risk. It is an example of how the DFS guidelines can be used to improve an existing

method (BVA), and be introduced "locally" (the procurement department) without affecting the rest of the organisation.

The method of DFP has been published in a full report [10]. These are some of its unique characteristics:

- In recognition that i) the buying organisation has expertise, ii) that the buying organisation's desired outcome must be both defined the context of the organisation's environment, and iii) that this desired outcome is to be fully transparent, DFP introduces a "Market Exchange" (instead of a Market Consultation).
- The buying organisation is allowed to define requirements, but only as these can be fully substantiated (in other words, these requirements are reflections of the expertise of the buying organisation).
- Based on all interactions between the vendors and the buyer an assessment of the vendors' "level of perceptiveness" is made. This information is used to assess how much guidance (and perhaps even control) is required in the delivery process.
- It clearly defines what is procured: the vendor's clarified planned outcome with which the buying organisation's desired outcome will be realised. Changes to the planned outcome are permitted as long as the vendor is able to clarify the desired outcome will still be achieved.
- From the very beginning the buying organisation's team consists out of procurement professionals and the ultimate users of the identified vendor's solutions. There is no (formal or otherwise) "hand over" from one department to the next.
- After the vendor is identified, during the clarification phase, both the vendor and the buying organisation identify those areas where their respective expertise overlap or interface with one another. These are the areas of *collaboration*. Everything else becomes an area of *communication*.
- The contract is a tool for quality assurance, not quality control. It foremost describes the procedures in place in case of unexpected events.

Why so few women have the birthing experience they hope for

Expecting Grace

In 2016 approximately 130 million women gave birth. Each expectant woman had her own personal birthing aim, and my wife was one of them. She, like almost all expectant women, was in need of help to make sure she would indeed have the birthing experience she wanted for herself.

Having a very important and personal desired outcome, and most certainly in need of caregiving expertise: I decided to apply the steps and principles of DFS to the "process of birthing". It seemed like a fun thing to do. It could end up demonstrating how *generic* the approach of DFS is, and I might learn a thing or two along the way. What I learned shocked me, and urged me on to continue developing the approach.

Birthing is an entirely physiological process which — *provided a stress-free environment* — requires no interventions in 95% of all births. There are, sadly, several examples of comatose mothers giving unassisted birth to a healthy baby.

Be that as it may, and despite the intimacy, the "magic" and the life-altering importance of extending a family, there is no other life-event so marred by decision making as delivering a baby. The *unavoidable outcome* of the collective of the often stress-inducing decisions expectant women are confronted with *is their disempowerment* — preventing them from having the birthing experience they want for themselves.

What was most appalling, is that the healthcare system is *not interested* in the mother's personal birthing aim. Individual caregivers often are, but the system is interested only in what is good for the system.

But even *if* the personal birthing aim would be of interest, the number of decisions made *for* the mother is so high that it is *virtually impossible* for the mother to achieve her personal aim within the healthcare system.

Tragically, the *stress* which results from a system not interested in her personal aim while making plenty of decisions for her — especially in the run up to and during giving birth itself — rapidly becomes *a trigger* for medical interventions.

In short, the way the healthcare system operates establishes a vicious circle — of a disregard for the mother's personal birthing aim, an abundance of decision making and the inevitable build-up of stress which can easily result in a shutdown of the birthing process and become a trigger for medical interventions — which makes it virtually impossible for expectant women to achieve their personal birthing aim.

Applying the approach of DFS to the "process of birthing" — with which is meant the time form the first pregnancy-related interaction with the healthcare system till the moment after birth when the healthcare system has completed its assistance — results in a method called "Decision Free Birthing" (DF Birthing).

What Decision Free Birthing IS and IS NOT about

*DF Birthing is about avoiding unsubstantiated choices. DF Birthing is **NOT** about avoiding all interventions. It is about empowering women to have it their way, be it with or without interventions.*

*DF Birthing is **NOT** against medical interventions. It is against unsubstantiated medical interventions which disempower women. Interventions which are either necessary for medical reasons, or which have been explained to be needed to achieve the woman's personal aim, are empowering women.*

*DF Birthing is **NOT** against providing information to expectant women. It is against merely providing information, and then ask soon-to-be-parents to make "informed choices". Informed choices must not be confused with substantiated choices.*

DF Birthing is about "unlocking" the expertise of all caregivers (especially midwifes). DF Birthing emphasises the importance of the role of the 'birthing partner' in reducing stress, and helping the expectant woman to achieve her aim.

The method of DF birthing is introduced in [12]. In the next section DFS' graphical summary is used to demonstrate how the disempowered pregnant women are in modern healthcare systems. The emphasis is on "systems," as the individual caregivers working within them give nothing but care.

How modern healthcare systems blatantly fail pregnant women

Defining the desired outcome, the role of nature, and the healthcare system

This section refers to number 1 in Figure 8: "Define".

An expert is someone who makes contributions towards achieving the desired outcome at minimal risk. In modern healthcare systems there is no lack of highly trained and motivated caregivers. To label them "experts" from the point of view of the expectant woman requires that they know what her desired outcome is.

Giving birth is an entirely physiological process. No person gives the starting signal, no one but the woman giving birth is needed to give birth. Giving birth *does not require any intervention* if:

- Both mother and baby are healthy (as is determined by prenatal care)
- The baby lies in a favourable position (idem)
- The mother experiences relatively little stress.

This first two conditions are met in approximately 95% of all pregnancies, the latter conditions tends to be the real challenge.

Logically, the starting point for a woman to determine the personal birthing experience she wants for herself is what nature's physiological process accomplishes in absence of stress. Which is:

- A safe and non-traumatic birthing experience,
- Maximally contributing to the well-being of the baby and the mother,
- In both short and long term.

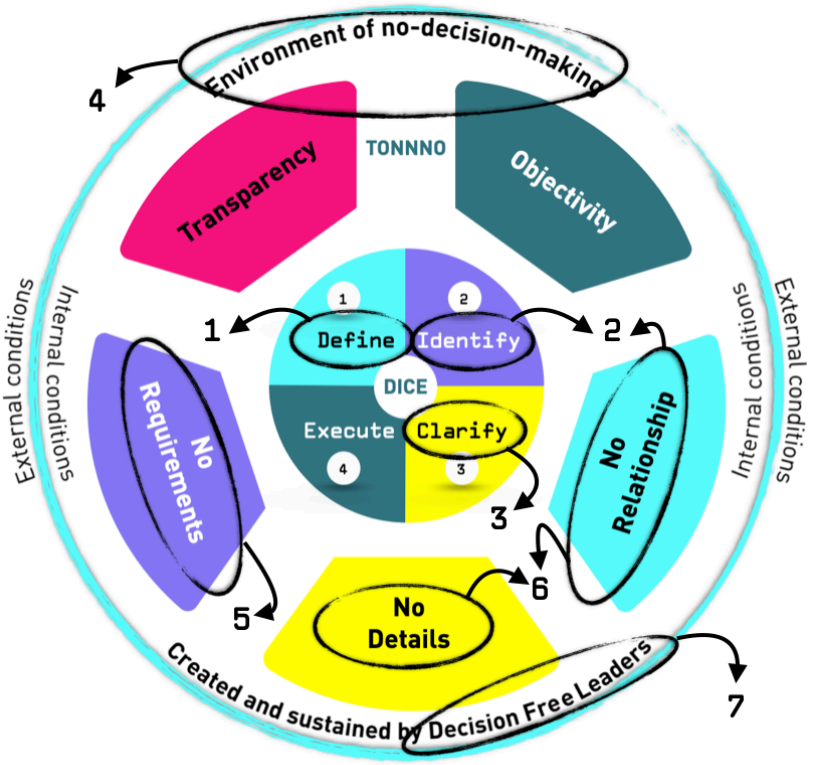


Figure 8. The many ways modern healthcare systems disempower expectant women.

Giving birth is not a flawed and broken process that needs to be repaired. Prenatal care and a healthcare system are duly needed because not all women and babies are healthy, and not all babies lie in a favourable position. The healthcare system is needed as it saves lives. The healthcare system is **not** needed for women to give birth.

For an expectant woman to be able to determine her personal desired outcome, the starting point is the physiological process. Because every intervention in this process will have consequences, small or big, now or in the future.

Modern healthcare systems are perfectly able to inform expectant women what happens during delivery. They tend to emphasise the HOW of delivery. But in order for the expectant woman to "own" her personal birthing aim, to understand the consequences of the choices she wants to make for herself, the WHY of the physiological process needs to be made clear to her. To empower expectant women, it should be fully transparent to them what the consequences may be of the interventions they want for themselves. Consequences they can consider, reject, try to mitigate, accept and fully own.

As the farther of three children, born in two different modern healthcare systems, I have been inundated with information. But no one, at any moment, was tasked to assist the expectant woman in helping her determine, and make transparent, the choices and their possible consequences, in arriving at a personal birthing aim she could confidently embrace.

That the healthcare system doesn't provide this service is alarming, but perhaps not surprising. As very soon, in the majority of cases, rules, procedures and protocols take over. None of which are interested in a woman's personal birthing aim.

One of the frequently occurring consequences of this, is a high level of stress. Much higher than needed. And the consequence of stress hormones during delivery is a physiological shutdown of delivery, resulting in the need for medical intervention. And, all too frequently, also trauma [11].

Identifying the expert caregiver is made practically impossible

Assuming a "desired outcome of sorts" has been defined, the next step would be to identify the caregiver best able to achieve it at minimal risk (number 2 in Figure 8). This person would be someone who is intimately familiar with the woman's personal birthing aim, and who has demonstrable experience in helping others with similar aims achieving it. Importantly, this person would also be able to make the expectant woman feel confident and at ease, keeping most of the stress at bay.

In modern healthcare systems this is made impossible, because of the principle of "No relationship" (also number 2). It is impossible to choose a caregiver which accompanies the expectant woman during pregnancy until delivery. Caregivers are "allocated" to the expectant woman, they are "rotated," they have "schedules". All of which are examples of "relationships" (with the institute, department or hospital they work for) determining who will assist when.

As an example, my wife was hoping for a particular midwife to assist during a home delivery. But she had no say. The schedule determined who would be on call. When we had to go to the hospital, the midwife assisting the birth initially joined her, but then protocol took over and she had to transfer care to a hospital nurse we had never seen before.

Making the "birth plan"

Imaging you want to completely renovate your bathroom. An experienced building constructor comes to your house and explains the importance of electrical insulation, of how the floor can be made waterproof, how to make straight grout lines, and how important the angles of the pipes for sewage and draining the bath are (and how these angles are determined by the travelling distance to the main pipes they are to connect to).

None of this information helps you to make substantiated choices in how the new bathroom is to be organised. You know you want a sink, a bath, a shower and a toilet, that it should be practical for children and adults, easy to clean, look bright, and have room for toiletries. But your building constructor doesn't ask for any of this. Instead of giving advice the building instructor asks you make a plan, telling him what to do, so that he can get started.

You make a plan, as best as you can. You may forget something important, but there is no real way of telling, making you a little nervous. You may like the building constructor, but that doesn't matter all that much. Every so many days another building constructor will come to your house. Interestingly, they immediately start working on the bathroom, but they never ask you for your plan.

That modern healthcare systems ask expectant women to make their own birth plan, without first assisting them in defining a transparent outcome, without offering them the guidance from beginning to end of a caregiver with the right expertise to achieve this desired outcome, without substantiating the possible consequences of the choices made in relations to the personal birthing aim, is beyond absurd.

The many ways women are barred from achieving their personal birthing aim

In modern healthcare systems the expectant woman has to interact with many caregivers working for various different organisations. The general practitioner, educators, midwives, nurses, gynaecologists. Healthcare insurers, consulting agencies, birthing centers, hospitals.

Even if a personal birthing aim would have been defined, an expert caregiver identified, and, with the help of the expert caregiver, a birth plan defined, the amount of decision making involved especially in the run up to and during delivery, is mind boggling. There is almost the opposite of an "environment of no-decision-making" (number 4 in Figure 8).

These decisions are choices made in absence of a transparent desired outcome, but more often still decisions made by rules, procedures and protocols. These rules, procedures and protocols often contain "requirements" which, when fulfilled — irrespective of someone's situation or desired outcome — result in a chain of actions (DFS principle of "No requirements," number 5 in Figure 8).

Just a few examples (for many more examples see [12]):

- An insurance policy determining the location of giving birth, or which caregivers can be consulted with
- Organisations using schedules to determine which caregiver will interact with the expectant woman ("No relationships," number 6 in Figure 8).
- A rule which determines, purely based on age and regardless of health, whether someone falls in a risk category (which triggers new protocols)
- A rule which determines, purely based on the official duration of the pregnancy and regardless of health, whether someone is actually *allowed* to give birth at home
- Hospital organisations which, for legal and or organisational reasons, do not allow midwives from another organisation to (continue to) assist during delivery ("No relationships").
- A new shift of nurses taking over care during a prolonged delivery ("No relationships").
- The senseless obligation to read aloud all possible side effects of a much needed pain medication to an exhausted woman twelve hours into labour ("No details," number 6 in Figure 8).

The crucial role of the birthing partner in today's system

In DFS the "Decision Free Leader" — number 7 in Figure 8 — is someone who takes on the responsibility (the role) of ensuring that expertise can be utilised and that decisions are identified, avoided whenever possible, and the associated risk of the remaining decisions minimised. This role is to create, sustain and communicate an *environment of no-decision-making* (number 4).

In modern healthcare systems no one takes on this role. The person best positioned to take on this role would be the midwife who helped the expectant woman to define her personal birthing aim and

her birthing plan. In other words, the person who has intimate knowledge of what the expectant woman wants to have achieved for herself and her baby.

In practice there is no midwife who has this knowledge, and there is no single person who accompanies the expectant woman during the many interactions with the system and during delivery.

Except for the birthing partner.

In today's healthcare system, the role of the birthing partner become pivotal in helping the expectant woman to achieve her personal birthing aim. This requires a very different and much more proactive role. Especially during the delivery itself. The birthing partner must have an intimate knowledge of the desired personal birthing aim, verify caregivers know what is in the birthing plan, and ensure that the expectant woman experiences as little stress as possible. An example of what this role may look like in practice is provided in [13].

How DF Birthing sets out to empower expectant women

It is an impossibility to drastically reorganise the healthcare system. It is not needed, either. As long as some important changes *within* the existing system can be made.

Applying the approach of DFS to the entire "birthing process" a method has been developed to empower expectant women in achieving their personal birthing aim.

The method of DF Birthing aids soon-to-be mothers in doing so:

- By helping the expectant woman to define her personal birthing aim.
- By helping the expectant woman to identify caregivers whose expertise can help her achieve her personal birthing aim.
- By instructing caregivers how to optimally utilise their expertise in support of the expectant woman.
- By helping the expectant woman to understand how she can actively contribute to achieving her personal birthing aim.
- By helping the expectant woman and the birthing partner to prepare for a delivery where communication is no longer possible and expectations must be clear in order for them to be met
- By helping the birthing partner understand how to actively support the expectant woman.
- By directing new policies and protocols towards achieving the aim of the expectant woman.
- By providing a rationale to counter the further medicalisation of the birthing process for as far as it is not in line with the expectant woman's personal birthing aim.

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