HUMANOCRACY

CREATING ORGANIZATIONS AS AMAZING AS THE PEOPLE INSIDE THEM

GARY HAMEL
+
MICHELE ZANINI

"Rarely has the case for dismantling bureaucracy been made as effectively, passionately, and comprehensively. The time to start is now, and the book to read is *Humanocracy*, Hamel and Zanini's practical guide to creating work environments that give everyone the opportunity to flourish. This is essential to revitalizing our organizations and reinvigorating our economies."

—**BENGT HOLMSTRÖM**, Paul A. Samuelson
    Professor of Economics, Massachusetts Institute
    of Technology; 2016 Nobel laureate in Economics

"Hamel and Zanini have achieved two remarkable feats. They've produced one of the most cogent critiques of bureaucracy that I've ever read—explaining the many ways that bureaucratic organizations undermine human autonomy, resilience, and creativity. And they've issued a stirring call to do better—to build organizations that liberate the everyday genius of the people inside them. Packed with keen insights and practical guidance, *Humanocracy* is an essential book."

—**DANIEL H. PINK,** #1 *New York Times* bestselling author,
    Drive and *To Sell Is Human*

"*Humanocracy* provides the reader with a road map to helping organizations unleash creativity, energy, and resiliency through leveraging the core of every organization—humans."

—**GEN. STANLEY McCHRYSTAL**, US Army, Ret.; author, *Team of Teams*

"*Humanocracy* is the most important management book I have read in a very long time. This is not just another book about the power of purpose or the joys of empowerment. Rather, it's a detailed, well-researched, data-driven, compellingly argued exposé on the massive costs of bureaucracy in society. Hamel and Zanini offer an equally compelling argument for why it doesn't have to be this way, complete with a practical guide for creating organizations that really work."

—**AMY EDMONDSON**, Professor, Harvard Business School;
    author, *The Fearless Organization*

"Almost all large organizations create a bureaucratic system for the sake of elusive safety. In reality, bureaucracy paralyzes the organization and frustrates employees. *Humanocracy* is a practical guide about how to escape this trap and unlock the hidden potential of large organizations and, most importantly, of their biggest asset, their employees."

    —**OLIVER BÄTE**, Chairman and CEO, Allianz

"Great companies in today's highly dynamic world need to unleash the power of their people to multiply value and impact. *Humanocracy* presents a compelling handbook for how large organizations can reduce bureaucracy, create a highly engaged workforce, and build leaders that serve their people."

    —**VAS NARASIMHAN**, CEO, Novartis

"If an organization has ever crushed your hopes and dreams, this book just might help to rejuvenate you. It's hard to imagine a better guide to busting bureaucracies and building workplaces that live up to the potential of the people inside them."

    —**ADAM GRANT,** *New York Times* bestselling author,
      Originals and *Give and Take*; host, TED *WorkLife* podcast

"Hamel and Zanini have written a bold, essential guide to building an organization infused with the same spirit of creativity and entrepreneurship as the people who work there. Their 'post-bureaucratic' vision of work is not just timely but energizing."

    —**ERIC RIES,** author, *The Lean Startup*

"Fast technology and business innovations call for a big overhaul of traditional bureaucratic organizations. *Humanocracy* provides a stimulating and inspiring framework for creating the innovative organizations of the future."

    —**MING ZENG,** former Chief Strategy Officer, Alibaba Group;
      author, *Smart Business*

"*Humanocracy* makes the case for replacing chain of command with chain of trust and radical transparency. It's a prescription

for unlocking game-changing innovation and the value of every individual."

—**MARC BENIOFF,** Chair and CEO, Salesforce;
　　author, *Trailblazer*

"At last, a playbook to take a sledgehammer to bureaucracy. The reasons for bureaucracy have long vanished in the digital age—and yet it persists. Hamel and Zanini introduce us to an alternative that energizes people rather than crushing their souls, humanizing the organization for higher levels of accountability and impact."

—**DIANE GHERSON,** Chief Human Resources Officer, IBM

"For a business to perform its role of producing products and services that help people improve their lives, its employees must be fully empowered to continually improve their ability to contribute. This requires roles that fit their unique abilities and a culture that celebrates and rewards innovation, collaboration, challenge, and all the other elements of principled entrepreneurship. *Humanocracy* illustrates a basic condition for bringing this about—eliminating bureaucratic management. Such a change is not only essential for long-term business success but for a free and open society that gives everyone the opportunity to rise."

—**CHARLES G. KOCH,** Chairman and CEO, Koch Industries; founder,
　　Stand Together; and author, *Good Profit*

"In *Humanocracy,* Hamel and Zanini challenge the old order and, simultaneously, show the path to creating a new and better order capable of achieving higher goals for businesses and the communities they serve.

At a time when the digital revolution is changing every aspect of human life, the authors rightly caution businesses that their change-resistant and often wasteful bureaucratic structures are a drag on their growth. Bureaucracy impedes employees' creativity, undermines their self-motivation, and hinders their workplace happiness.

Therefore, the need to transform business organizations into human-centric entities has become more pressing than ever before.

How can we succeed in this task? I have found no better guide than *Humanocracy*—a book that every change-seeker and change-agent must read."

—**MUKESH AMBANI,** Chairman and Managing Director,
    Reliance Industries Limited;
    named one of Time 100: The Most Influential People of 2019

"Hamel and Zanini argue that bureaucracy is soul-crushing, and they're right. With only 15 percent of the world's 1.4 billion full-time workers engaged at their jobs, we have to empower the individual or human beings will never bloom. Depending on you, this book can change the world a little or a lot."

—**JIM CLIFTON,** CEO, Gallup

"*Humanocracy* is a must-read to survive and prosper in the future. The book is a tour de force."

—**VIJAY GOVINDARAJAN,** Coxe Distinguished Professor,
    Tuck School of Business at Dartmouth; author,
    The Three-Box Solution

"Innovation is as important to how we organize ourselves as it is to what we make. *Humanocracy* shows how it is possible to unlock the passion and creative potential within our organizations and give ourselves a fighting chance of successfully tackling the most important challenges of our time."

—**TIM BROWN,** Chair, IDEO; author, *Change by Design*

"*Humanocracy* is a book about unleashing human potential by replacing bureaucracy with passion and creativity. A must-read for anyone who wants to build efficient human-centric organizations."

—**JIM HAGEMANN SNABE,** Chairman, Siemens AG;
    Chairman, AP Møller—Mærsk A/S; author, *Dreams and Details*

"*Humanocracy* thoughtfully outlines why the time has come for organizations to abandon their bureaucratic ways and bring humanity back into the workplace. I found myself nodding throughout the book

and thinking 'YES! This is it. This is the new management paradigm we've been needing for decades. Hamel and Zanini have done it!'"

—**JIM WHITEHURST,** President, IBM;
   author, *The Open Organization*

"*Humanocracy* is the most insightful, instructive book for this new, purpose-driven decade and should be mandatory reading for all organizations seeking to thrive, survive, and, more importantly, make the human impact their teams long for."

—**ANGELA AHRENDTS,** former CEO, Burberry;
   former Senior Vice President, Apple

"Virtually all businesses are being disrupted by innovations from every direction. Bureaucratic hierarchy is simply too slow in making decisions and not innovative enough to be competitively successful in the third decade of the twenty-first century. *Humanocracy* shows us the path forward to creating less bureaucratic and more innovative and humane organizations."

—**JOHN MACKEY,** cofounder and CEO, Whole Foods Market;
   coauthor, *Conscious Capitalism*

"Gary Hamel and Michele Zanini effectively describe a way out of the bureaucratic gridlock which is frustrating so many people in their daily work. *Humanocracy* as a movement will lead us to more human organizations!"

—**JOS DE BLOK,** founder, Buurtzorg

"Hamel and Zanini insightfully diagnose the choking bureaucracy that makes many of today's organizations far less collectively intelligent than they could be. Then they give fascinating examples and inspiring prescriptions for creating organizations that are vastly more innovative, adaptable, and fulfilling for the people in them."

—**THOMAS W. MALONE,** Patrick J. McGovern Professor of
   Management, MIT Sloan School of Management;
   Director, MIT Center for Collective Intelligence

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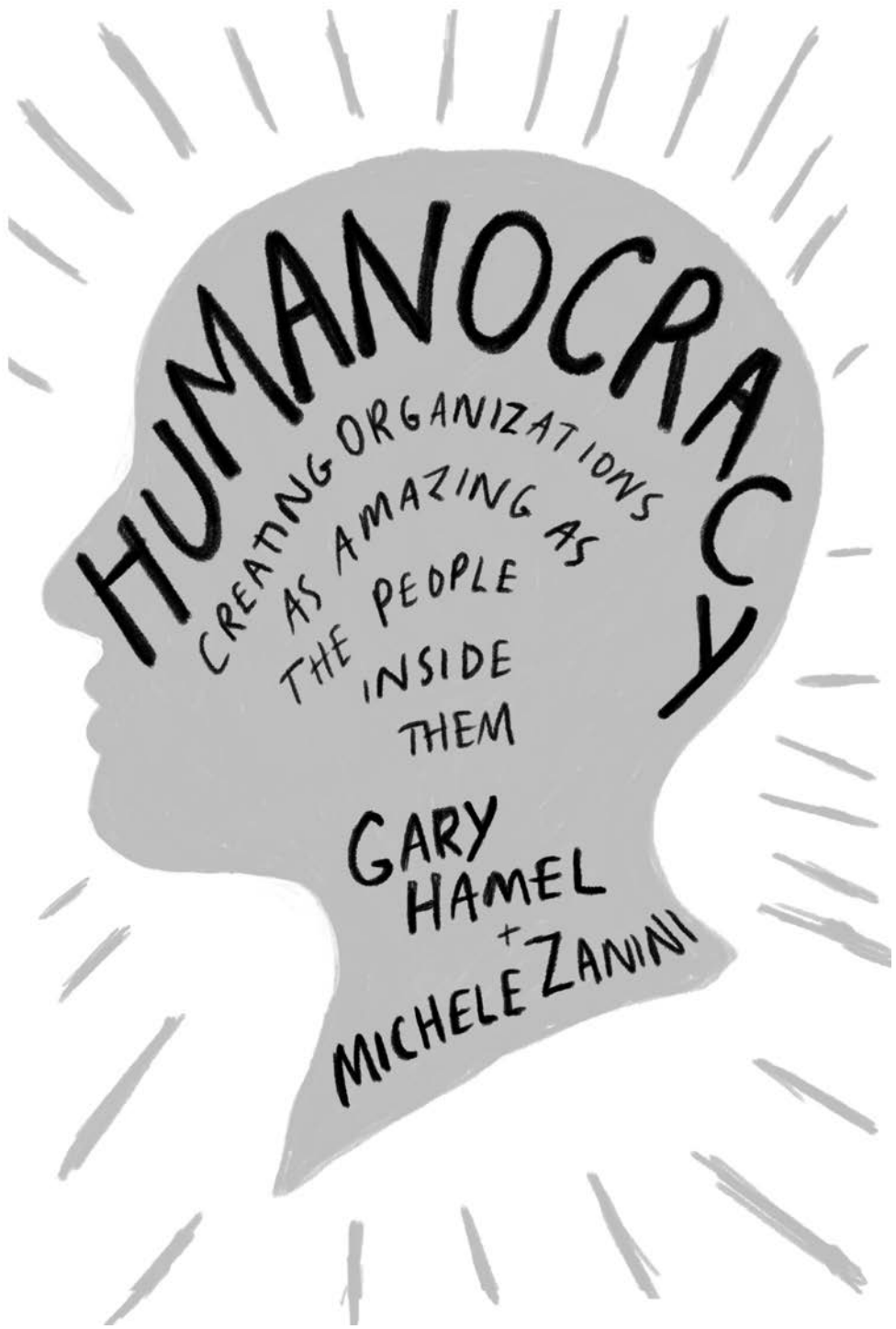
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To Kelly Duhamel, for teaching me so much about life,
love, and what it means to be human.
—Gary

To Ludovica, Clara, and Luigi, whose love and
example inspire me to *be* more, every day.
—Michele

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PART FOUR

The Path to Humanocracy

How Do We Get There?

Preface

How would you feel at work if . . .

You had the right to design your own job?

Your team was free to set its own goals and define its own methods?

You were encouraged to grow your skills and take on new challenges?

Your workmates felt more like family than colleagues?

You never felt encumbered by pointless rules and red tape?

You felt trusted in every situation to use your best judgment?

You were accountable to your colleagues rather than a boss?

You didn't have to waste time sucking up or playing political games?

You had the chance to help shape the strategy and direction of your organization?

Your influence and compensation depended on your abilities and not your rank?

You were never given reason to feel inferior to the higher-ups?

How amazing would it be if all these things were true where you work? Amazing enough, we reckon, that work would hardly feel like work. Unfortunately, this is not the reality for most employees. The typical medium- or large-scale organization infantilizes employees, enforces dull conformity, and discourages entrepreneurship; it wedges people into narrow roles, stymies personal growth, and treats human beings as mere resources.

In consequence, our organizations are often less resilient, creative, and energetic than the people inside them. The culprit is bureaucracy—with its authoritarian power structures, suffocating rules, and toxic politicking. Some might believe bureaucracy is on the wane, that it's headed

for the same fate as landline telephones, gas-powered cars, and single-use plastics. The word "bureaucracy," like "horsepower," seems to be the relic of a bygone age—and in many ways it is, but sadly, bureaucracy is still very much with us. As we'll see in chapter 3, bureaucracy has been growing, not shrinking—a fact that is correlated, we believe, with the worrying slowdown in global productivity growth, a phenomenon that bodes ill for living standards and economic opportunity.

Bureaucratic organizations are inertial, incremental, and dispiriting. In a bureaucracy, the power to initiate change is vested in a few senior leaders. When those at the top fall prey to denial, arrogance, and nostalgia, as they often do, the organization falters. That's why deep change in a bureaucracy is usually belated and convulsive. Bureaucracies are also innovation-phobic. They are congenitally risk averse, and offer few incentives to those inclined to challenge the status quo. In a bureaucracy, being a maverick is a high-risk occupation. Worst of all, bureaucracies are soul crushing. Deprived of any real influence, employees disconnect emotionally from work. Initiative, creativity, and daring—requisites for success in the creative economy—often get left at home.

Thankfully, bureaucracy isn't the only way to organize human activity at scale. Around the world, a small but growing band of postbureaucratic pioneers are proving it's possible to capture the benefits of bureaucracy—control, consistency, and coordination—while avoiding the penalties—inflexibility, mediocrity, and apathy. When compared to their conventionally managed peers, the vanguard—many of which you'll meet in this book—are more proactive, inventive, and profitable.

These companies were built, or in some cases rebuilt, with one goal in mind—to maximize human contribution. This aspiration is the animating spirit of humanocracy, and stands in stark contrast to the bureaucratic obsession with control. Both goals are important, but in most organizations, the effort spent on ensuring conformance is a vast multiple of the energy devoted to enlarging the capacity for human impact. This gross imbalance is dangerous for organizations, a drag on the economy, and ethically troubling.

Bureaucracy is particularly problematic for large companies. As an organization grows, layers get added, staff groups swell, rules proliferate, and compliance costs mount. Once a company hits a certain threshold

of complexity—around two hundred to three hundred employees, in our experience—bureaucracy starts growing faster than the organization itself. That's why big companies have more bureaucracy per capita than small ones, and why they're burdened with managerial diseconomies of scale.

The link between girth and "bureausclerosis" would be less worrying if large organizations weren't so dominant. Despite all the talk of the gig economy, a greater percentage of the US labor force works for large companies than ever before. In 1987, 28.8 percent of US employees worked in companies with more than five thousand employees. Thirty years later, the percentage was 33.8. Today, the number of employees working in companies with more than ten thousand employees exceeds the number who work in businesses with fifty or fewer employees.

Defenders of the status quo will tell you that bureaucracy is the inevitable correlate of complexity, but our evidence suggests otherwise. The vanguard companies prove that it's possible to build organizations that are big *and* fast, disciplined *and* empowering, efficient *and* entrepreneurial, and bold *and* prudent.

If you doubt this, here's an amuse-bouche—a short example of what's possible when an organization commits itself to "Humanity above bureaucracy." That's the motto of Buurtzorg, a leading provider of home health services in the Netherlands. The company's workforce of eleven thousand nurses and four thousand domestic helpers is organized into more than twelve hundred self-managing teams. Each nursing team comprises twelve caregivers who have responsibility for a particular geographic area, typically encompassing around ten thousand Dutch residents. These compact operating units are responsible for finding clients, renting office space, recruiting new team members, managing budgets, scheduling staff, meeting ambitious targets, and constantly improving the quality and efficiency of the care they provide.

In most organizations, these duties would fall to area or regional managers but at Buurtzorg they're divvied up among local team members. Every team has a "housekeeper and treasurer," a "performance monitor," a "planner," a "developer," and a "mentor." These are part-time roles filled by nurses who spend most of each day working with patients.

To support its hyperempowered workforce, Buurtzorg trains every employee in group decision making, active listening, conflict resolution,

and peer-to-peer coaching. Teams are tied together by a social platform, "Welink," where nurses post questions and tips. Rather than dictate home care protocols top-down, Buurtzorg encourages teams to optimize their operating practices by tapping the collective wisdom of the network and innovating locally when they see opportunities to advance the state of the art. Detailed performance metrics on every team are visible across Buurtzorg. This transparency creates a powerful incentive for peer-to-peer learning and continuous improvement.

Buurtzorg's administrative personnel include fifty-two regional and head office coaches, fifty back office staff (mostly in IT), and two senior directors, including Jos de Blok, Buurtzorg's founder. That's lean: a fifteen-thousand-person organization with two line managers and a staff group of just over one hundred individuals.

Buurtzorg sets benchmarks in virtually every area of performance. (See figure P-1). The company's substantial lead over its competitors isn't the result of a brilliant top-down strategy, slavishly applied operating rules, or data-munching algorithms, but rather of an organizational model that empowers and equips every employee to be an inspired problem solver and a business-savvy decision maker.

Buurtzorg has been voted Dutch Employer of the Year five times—not bad for a company founded in 2006, but, as we'll see, it's not the only company to have harnessed the power of everyday genius.

Why, then, haven't more companies followed suit? Why would incumbents burden themselves willingly and unnecessarily with what is, in essence, a tax on human effort? Because, to put it bluntly, dismantling bureaucracy means dismantling traditional power structures. As you may have noticed, people with power are typically reluctant to give it up, and often have the means to defend their prerogatives. This is a serious impediment, since there's no way to build a human-centric organization without flattening the pyramid.

Rather than taking on the politically fraught task of excising bureaucracy, CEOs have sought to offset its cost through the pursuit of market power and regulatory advantage. Between 2015 and 2019, the value of global mergers and acquisitions amounted to $20 trillion, that's roughly the size of the entire New York Stock Exchange. Economists Gustavo Grullon, Yelena Larkin, and Roni Michaely estimate that between 1972–2014, more than 75 percent of US industries became more concentrated.[1]

FIGURE P-1

Buurtzorg versus its competitors

Client satisfaction	Staff utilization	Weekly hours per client	Days in care per client	Hospital admissions	Staff absenteeism	Staff turnover	Central overhead
30%	14%	−40%	−50%	−33%	−33%	−50%	−67%
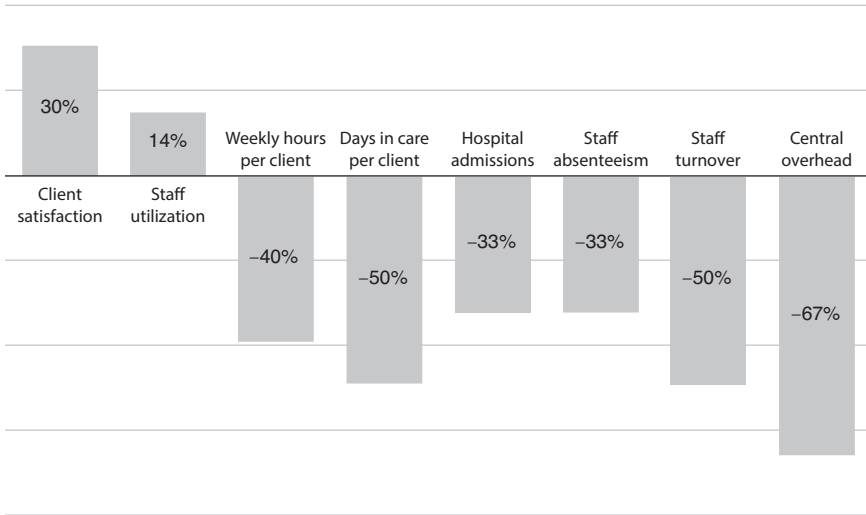
Source: Stefan Ćirković, "Buurtzorg: Revolutionizing Home Care in the Netherlands," Center for Public Impact Case Study, November 15, 2018.

All too often, when a big company gets battered by the winds of creative destruction and starts to take on water, the first impulse of a CEO isn't to jettison the ballast of bureaucracy, but to lash up to another wallowing supertanker.

While CEOs often justify megamergers by promising increased operating efficiencies, research suggests that the real benefits are less about economies of scale and more about oligopolistic advantage.[2] A comprehensive study of the US economy by Jan De Loecker, Jan Eeckhout, and Gabriel Unger found that "markups," a proxy for market power that measures firm-level difference between prices and marginal costs, have increased sharply over the last several decades. In 1980, the average firm charged 21 percent over marginal cost; by 2016, the average markup had grown to 61 percent. This trend has been observed not only in the United States, but in other developed economies as well.[3]

Bulking up also increases a company's political power. A $100 billion business with a lobbying effort to match has a lot more clout in Washington, Brussels, and other power centers than a business a tenth its size.

Recent examples of big-dollar lobbying include the efforts of America's carmakers to prevent Tesla from opening company-owned stores, the promise extracted by the pharmaceutical industry that the US government won't use its heft to drive down drug prices, and the resistance of US hospitals to the government's demands for greater price transparency in health care.

Though CEOs gripe about regulation, a recent study by Boston University's James Bessen revealed a strong correlation between industry-specific regulation and a subsequent rise in profits.[4] Bessen calculates that in recent years, regulatory rent seeking added $2 trillion to corporate valuations and transferred $400 billion annually from consumers to businesses. Why bloody yourself on the playing field, CEOs ask, when you can use your political power to tilt the field in your favor?

As many companies have discovered, it's easier to do another deal or hire more lobbyists than to de-bureaucratize a sprawling empire. This is bad news for consumers and citizens. As any economist will tell you, high levels of market power depress investment, stifle innovation, reduce job creation, and exacerbate income inequality.

It would be great if young, aggressive startups held the oligopolists to account, and this sometimes happens, but in aggregate, the impact of entrepreneurship is modest. As of this writing, the world contains 433 "unicorns"—venture-backed companies that boast a market value of $1 billion or more. While these companies get a lot of press, they're a relatively small part of their respective economies. In early 2020, US-based unicorns had a combined market value of $650 billion. This seems like a big number, but at the time amounted to just slightly more than 2 percent of the combined market value of the S&P 500. While entrepreneurial enclaves like Silicon Valley are important, we need to find ways to turn up the entrepreneurial flame in every organization.

Many leaders, it seems, have yet to reach this conclusion. They're betting, in essence, that the advantages of market power and political muscle will more than offset the disadvantages of bureaucratic drag. There's a risk, though, of banking on the continued acquiescence to ever-expanding corporate power. The White House's Council of Economic Advisers has called for a "robust reaction to market power abuses."[5] Legal scholars Eric Posner and Glen Weyl believe that "some of the country's biggest employers . . . need to be broken up," and "regulators need to get

more aggressive with tech monopolies and stop them from absorbing innovative rivals."[6] Even Goldman Sachs, officiant at countless corporate weddings, has noted that if the trend toward greater concentration persists, it will mean "there are broader questions to be asked about the efficacy of capitalism."[7] You can be sure that when Goldman Sachs wonders if consolidation has gone too far, the answer is yes.

And it's not just the experts. Citizens have also had enough. In a 2019 Pew Research poll, 82 percent of Americans said large corporations had too much power and influence in the economy. The argument that bigger is better is getting increasingly hard to swallow. As the change in sentiment starts to bite, and governments become more aggressive in challenging monopoly power, CEOs will need to find new routes to profitability and growth. Their best bet: committing wholeheartedly to creating organizations that allow human beings to do their best work, unfettered by the shackles of bureaucracy.
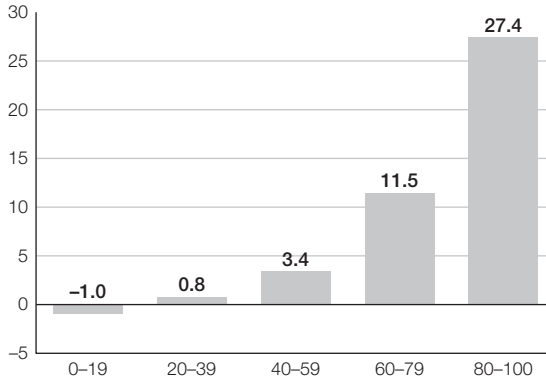
Critically, there are social as well as political and economic reasons for declaring war on bureaucracy. In recent years, policy makers and politicians have expressed concern about growing income inequality. Between 1979 and 2016, the top-quintile of US wage earners saw their compensation grow by 27 percent, while those in the bottom quintile experienced a 1 percent decline.[8] (See figure P-2.)

Many factors have contributed to this divergence, including competition from low-wage countries, the growing preference of large firms for contract labor, the shrinking power of unions, and the job-displacing effects of technology. The downward pressure these forces exert on low- and middle-income jobs has been blamed both for the rise of populism in America's rust belt and for the growing allure of socialism among Gen Z voters who fear they'll never be as well off as their parents. The danger, already much in view, is that labor market polarization will further erode social cohesion and political amity.

Added to this is the fear that robotics and artificial intelligence will supplant many low- and mid-tier jobs. A 2019 Brookings Institution report estimated that 25 percent of US jobs are highly vulnerable to automation, with a further 36 percent of jobs at moderate risk.[9] A separate study, covering thirty-two OECD countries, judged 300 million jobs to be at jeopardy from automation. Elon Musk, founder of Tesla and

FIGURE P-2

Changes in real wages by quintile (1979–2016)

SpaceX, has warned that human beings need to prepare for a world in which "robots will be able to do everything better than us."[10] These and similarly dire predictions have given currency to the idea of a guaranteed income for every citizen, funded in part by a tax on robots.

The more general problem of stagnant or declining wages has produced a slew of policy proposals, including mandatory worker representation on corporate boards, sector-level collective bargaining, better benefits for gig economy workers, tax breaks for investment in human capital, and a greater emphasis on science and mathematics in secondary education.

While some of these ideas have merit, none of them addresses what we regard as an unwarranted and damaging assumption, namely that a great number of jobs are inherently and unalterably low skilled. Typically, a job is defined as low skilled if it doesn't require a university education or advanced training. Because such jobs require little in the way of specialized expertise, they tend to be low paid. According to a recent study, 53 million American workers, or 44 percent of the labor force, are in low-wage jobs.[11] This is a fact, but economists and policy makers err when they assume it's an immutable fact.

Contrary to conventional wisdom, what makes a job low skilled is not the nature of the work it entails, or the credentials required, but whether or not the people performing the task have the opportunity to grow their capabilities and tackle novel problems. The most important lesson to be gleaned from post-bureaucratic pioneers is that it's possible to radically upskill what would otherwise be regarded as low-skilled jobs—like operating a forklift truck, loading bags onto an airplane, or packing agricultural produce. This workplace alchemy—turning dead-end jobs into get-ahead jobs—becomes possible when an employer:

Teaches frontline staff to think like businesspeople

Cross-trains associates and organizes them into small, multifunctional teams

Gives these teams accountability for a local P&L

Pairs new employees with experienced mentors

Encourages employees to identify and tackle improvement opportunities

Grants associates the time and resources to run local experiments

Gives employees a financial upside that encourages them to do more than their job strictly requires

Treats every individual and role as indispensable to collective success

The vanguard companies offer better-than-average wages, not because they're unusually generous, but because their employees create exceptional value. There's a deep conviction in these organizations that when "ordinary" employees are given the chance to learn, grow, and contribute, they'll achieve extraordinary results. Over time, this conviction produces a workforce that's deeply knowledgeable, endlessly inventive, and ardently customer focused. The experience of the post-bureaucratic rebels testifies to a single luminous truth: an organization has little to fear from the future, or its competitors, when it's brimming with self-managing "micropreneurs."

Bureaucrats wrongly assume that commodity jobs are filled with commodity people. Unfortunately, this prejudice tends to be self-validating. When human beings are given scant opportunity to exercise their imagination, little creativity is forthcoming. This is then taken as proof that the average employee is a bit of a lunkhead.

Researchers trying to estimate the employment impact of automation frequently make the same error. For example, after reviewing detailed task descriptions for 702 occupations compiled by the US Bureau of Labor Statistics (BLS), Oxford University researchers Carl Frey and Michael Osborne estimated that fully 47 percent of American jobs were at high risk of automation.[12] This conclusion is hardly surprising, since, according to our analysis of BLS data, 70 percent of US employees are in jobs deemed to require little or no originality. This fact says nothing about the imagination of the people in those jobs, but much about the way in which the bureaucratic paradigm strips initiative and creativity out of work.

Frey and Osborne rightly note that occupations which involve "complex perception and manipulation tasks, creative intelligence tasks, and social intelligence tasks" are resistant to automation. But it's a thinking error to assume that the vast majority of jobs in an economy offer little scope for the application of the uniquely human capabilities that distinguish people from machines. It is similarly wrongheaded to believe that such capabilities are narrowly distributed within the human population. Think for a moment about the boundaryless expanse of creativity that can be found on YouTube or in the vast reaches of the blogosphere. Are today's creators inherently more gifted than their forebears? Of course not. What's changed is that a couple billion people, thanks to new digital tools and platforms, finally got the chance to cultivate their latent creativity. Why would we expect the results to be any less spectacular if every employee at work was similarly equipped and empowered?

It is our bureaucracy-encrusted organizations that are slow witted, not the people inside them. This is not a conjecture; it is our lived experience. More than a decade ago, one of the authors led a large-scale training program in a midwestern US manufacturing company. Over the course of a year, more than thirty thousand employees, many of them blue-collar union members, were taught how to think like business in-

novators. Out of this effort came thousands of game-changing ideas. In one memorable, though not unusual, case, a long-tenured assembly line worker hatched an idea that ultimately produced a multimillion-dollar payoff. For the first time in her career, this woman had been asked to think big, and when the chance came, she grabbed it. Sadly, many employees never get this opportunity. Rather than being seen as inventors and makers, they're regarded as "meatware"—costly machine substitutes that are incapable of being upgraded.

One of our primary goals in this book is to lay out a blueprint for turning every job into a good job. Rather than deskilling work, we need to upskill employees. Rather than outsourcing low-value jobs, we need to increase the creative content of every role. Instead of assuming that middle-class jobs must ultimately fall to globalization and automation, we need to redesign work environments so they elicit the everyday genius of every human being. While there may be a finite number of routine tasks to be performed in the world, there's no limit on the number of worthwhile problems that are begging to be solved. Viewed from this vantage point, the threat that automation poses for employment depends mostly on whether or not we continue to treat employees like robots.

The shift to humanocracy won't be easy. Consider that in Gallup's 2019 Great Jobs Demonstration survey, barely a third of US employees strongly agreed with the statement: "I have the opportunity to do what I do best every day." Less than a quarter said they were expected to be innovative in their job and only one in five felt their opinions mattered at work.[13] Given data like this, it's not a stretch to argue that many organizations waste more human capacity than they use.

There are practical, philosophical, and political barriers to redressing this lamentable reality. In our consulting work, we've crashed into many of these hurdles, and have the scars to prove it. We're not naive. Yet we've also learned enough to be hopeful. Bureaucracy is not a cosmological constant. Nowhere is it written in the stars that our organizations must be clumsy, stifling, and callous. Bureaucracy was invented by human beings, and now it's up to us to invent something better.

The first task is to build an unimpeachable case for pulling bureaucracy up by the roots. This is the focus of part I, "The Case for Humanocracy." In

chapter 1, you'll learn why the biggest liability for most organizations isn't a clunky operating model or a busted business model, but a sclerotic management model. While our organizations might once have been able to bear the costs of bureaucracy, this is no longer the case. In chapter 2, you'll get an up-close look at how the features of bureaucracy—stratification, specialization, formalization, and routinization—undermine resilience, innovation, and engagement. You'll also get an initial glimpse into how some heretical organizations have been challenging bureaucratic norms. In chapter 3, we'll show you how to calculate the hidden costs of bureaucracy in your own organization—a critical step in building commitment for a comprehensive management overhaul.

To move from diagnosis to action, you'll need to believe there's an alternative to the status quo—that the idea of a human-centric organization isn't some utopian fantasy. In part II, "Humanocracy in Action," we'll go inside two mind-bending companies that have harnessed the power of humanocracy. Chapter 4 will give you a close-up view of Nucor, the world's most innovative steel company. You'll learn how Nucor's superlean management model unleashes creativity and encourages everyone to think and act like an owner. In chapter 5, we'll expose the secrets of what is arguably the world's most creatively run company—the global appliance maker Haier. Over the past decade, Haier has been on a quest to build a company with "zero distance" between employees and customers. To that end, it divided its fifty-six-thousand-person organization into four thousand microenterprises, with just two levels separating frontline employees from the CEO. More a network than a hierarchy, Haier offers an astonishing yet practical model for achieving entrepreneurship at scale.

In part III, "The Principles of Humanocracy," you'll get introduced to the seven core tenets of a human-centric organization: ownership, markets, meritocracy, community, openness, experimentation, and paradox. In chapter 6, we'll argue that reinventing management requires not only new tools and methods, but entirely new principles. In chapters 7 through 13, we'll provide detailed examples of how to operationalize each of the principles in ways that will make your organization more resilient, creative, and daring.

As you may suspect, bureaucracy won't yield to new thinking alone. As the world's most ubiquitous social technology, bureaucracy is familiar,

entrenched, and well defended. To prevail, you'll need to route around old power structures, energize a pro-change constituency, and launch dozens of audacious organizational experiments. These are the challenges we'll tackle in part IV, "The Path to Humanocracy." In chapter 14, you'll learn how Bertrand Ballarin, an industrial relations manager at Michelin, catalyzed a bottom-up effort to radically empower frontline teams. His story will give you deep insights into how to achieve revolutionary goals with evolutionary means. In chapter 15, we'll give you a step-by-step guide for getting started with your own team. We'll show you how to rid yourself of bureaucratic thinking, get your colleagues on board, and turn your unit into a laboratory for radical management innovation. Finally, in chapter 16, we'll show you how to scale up. Drawing on lessons from management hackers and activists, we'll outline what it takes to build a companywide campaign that gets everyone involved in the work of reinventing management. We'll argue that installing humanocracy requires a bold new approach to large-scale transformation, one in which change rolls up, not out.

This book is a manifesto and a manual. It argues, persuasively we hope, that it's time to free the human spirit from the shackles of bureaucracy—and that doing so will produce profound benefits for individuals, organizations, economies, and societies. It also gives management renegades practical strategies for advancing the cause of humanocracy within their own organizations. Over the last few years, we've been blessed with the opportunity to work with an amazing band of organizational buccaneers. They've taught us that with courage, compassion, and contrarian thinking, anyone can transform a large organization—whatever their title or position. So if *you're* ready to build an organization that's fit for human beings and fit for the future, we invite you to start right here, right now.