Evaluation of Implementing Holacracy, A Comprehensive Study on Zappos

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ABSTRACT
Zappos is an online shoe and clothing store and a subsidiary of large retailer Amazon Inc. It's based in Las Vegas Nevada with over 1500 employee and 1 billion in revenue. It also has a Zappos Insights division, which is a subscription-based service for business people to refine their culture and better customer service.

The basis for the case study is on Zappos announcement in January 2014 is replacing its traditional structure with Holacracy- a radical "self-governing" management system that eliminated all job titles and managers. This is Zappos part of CEO Tony Hsieh’s vision to innovate and disrupt the business landscape. So far 10% of the company around 150 employees has implemented the model. The announcement has polarized critics and managers. There are many challenges facing this new experiment in management, as Holacracy has no strong precedence. Scalability is a major impediment in their quest to fully integrate the model by the end of 2014. The uncertainty and diversity of employee self-determination and motivation serves as another obstacle for Zappos.

Keywords--- Zappos, Online shopping, CEO

I. INTRODUCTION

Company’s History and Growth: According to the Zappos.Com website, the founder Nick Swinmurn has lay down these visions:

The online retail transactions will go up by 30% in the US.

Consumers will select from companies which are providing the best service and they buy from a company best company. Zappos.com will be that online store.

Nick Swinmurn evidently advised to the customers first recognize the brand perception. For this he had given his own situation to a buy a pair of shoes. Nick was searching for a pair of shoes in the mall in San Francisco. He looked all sizes and colors he came out from the store with empty hands. He frustrated to find his favorite pair of shoe. He was in confusion because he was not found a color which suits him for his size. This was sparked a moment of innovation, as Nick Swinmurn had a business idea to make a web site where people or consumer could find the largest variety of shoe brands to buy though web without moving from home and to find largest varitypes of shoes. This was a revolutionary idea of Nick Swinmurn for online shopping and born the Zappos from his confusion and frustration. This comes under online shopping or E-Commerce. Nick Swinmurn and his partner (deemed co-founder) Tony Hsieh initially invested $150,000 dollar. They stared Shoesite.com in June 1999. By the end of July, Nick changed as Zappos.com. This is a Spanish word for shoes zapatos and the new site filled-up with large selections over 100 brands for men, women, and children.

Zappos.Com ultimately grew to have the largest range of shoe brands amongst its competitors. Their idea was ground-breaking and started being coined as "e-tailers".

II. CRITICAL INCIDENTS AND THE EVOLUTION OF THE ZAPPOS

The ground-breaking pioneering idea of Nick came on track with name of Zappos.Com and started its operations initially in the year 1999 with named as ShoeSite.com; initially they started purchasing from individual retailers and selling to the customers, then in year 2000 Zappos.Com had obtained many brands positive consent from the biggest manufacturers to distribute directly to the Zappos and achieved $1.6 million in gross sales in the year 2000 and $8.6 million in gross sales in the year 2001. Obviously, this circumstance eliminated the middle man and the distribution and middle man extra costs were reduced a lot, that was the reason they could ship the products to the customers at free shipping. This
was extracted by many customers automatically the sales revenues gone up a lot.

As the internet created a breeding ground of online shopping, then Zappos looked to modernize the technology added new features on its website to provide the best service to its customers, by permitting for customers to take print of shoe photographs online and allowing live chats with customers while using the website to buy. These were fantastic and extracted the customers hence the sales were increased well as expected by the company.

In the year begging of 2002 Zappos started maintaining its own inventory and opened the first ever warehouse in Kentucky and reached $32 million in gross sales and doubled $70 million in gross sales. Yes, the achievement shown that the company growth was tremendously improved, and with the help of a $35 million-dollar investment from Sequoia Capital. They moved forward and occupied with its home-base from San Francisco, California to Las Vegas, Nevada. By the time 2005 reached $370 million in gross sales. This was the biggest mile stone in the history of the company in the year of 2005.

Tony Hsieh became sole CEO in the year 2006 due to the left of Nick Swinmurn from the company. Now, online retailers started popping up and attained $597 million in gross sales; as this was the base the Zappos was growing so fast that they had to purchase a bigger fulfillment base in Shepherdsville, Kentucky.

In 2007, Zappos bought 6pm.com from eBages.com, which was another retailer of discounted accessories and added new categories like handbags, eyewear, kid’s toys, watches. After this they reached $840 million in gross sales.

By the year 2008 the company went up to $1 billion gross sales revenues, because Zappos debuts first TV ad campaign, “Put a Little Zappos in Your Day.” In November, Zappos lays off 8 percent of its workforce due to the introduction of new system called Kiva robots to help fill orders in Shepherdsville.

In December, the Zappos Insights was created by the company ZapposInsights.com a monthly subscription service at fee of $40; this allows customers to live online sessions with stylists, where other firms learn from its success and pose questions to employees.

In 2009, Zappos.Com became one of the biggest companies in the world by merging with Amazon for $940 million dollars. This acquisition was the enormous in retail history.

III. STRENGTHS OF ZAPOPS.COM

The Zappos web site for online shop has designed an awfully clean outline permitted to shop the customers to find the way to go head throughout the website easily for spotless surf and shop; it is completely make use of its online scene invoice top brands and for advertisement space to created customer satisfaction and known for its strong values in customer service by offering the leading variety of shoe brands around and give the right its customers to free delivery both ways without shipping costs on them.

Being the company was 23rd on Forbes' list of "Best Companies to Work For" in 2009. By treating its valued employees with respect;

The Zappos.Com makes use of social media on its webpage as well. Customer reviews are listed beside a picture of the respective product.

IV. WEAKNESSES

Even though their website is tremendously well-built, there is no onsite shopping experience. The biggest amount of retail sales happens onsite, although internet sales are growing rapidly.

In 2012, there was a block in the website's security. They were using an application that caused a weakness in its site, allowing anybody to hack into the system pilfering credit card details and customer information. The customers may fell that there was no protection in the site for the customers.

Since the company is intensifying rapidly, acquiring new products may lessen the brand's value with consumers.

The major problem with the site is in case of comparing prices of the products with the other companies which in the same economic environment. Zappos.Com makes a promise to making the customers happy; extra savings always produces a smile on a customer’s face.

V. IMPLEMENTATION OF HOLACRACY

CEO Hsieh disliked going to work at his own company, because he felt that “The company culture ended up just going downhill, and it ended up being not a fun place to work anymore,” he feels the is because the existing structure works no more. It gets older. See day by day the world and mind set of employee and customer has changing but the corporate is using old models, they never work as expected. This the reason Hsieh need of new model that is a dynamic Holacracy. In this structure, all the employees evolved in all level up to decision making at their levels.

The Holacracy organizational model, during 2014 it was announced by Zappos should more accurately be labeled “Non-Management”. It’s a system called Holacracy, specifically designed to yield a less hierarchical, supervisor-free structure. Holacracy designed by Brian Robertson founder of Software Company.
Holacracy eliminates formal job titles, supervisors and managers, and traditional enterprise levels. What the holacracy organizational model features is a series of overlapping ‘circles’, where employees are likely to have several distinct roles. This is reflected in the system’s ancient Greek root, the word ‘holon’, which means an entity that’s part of a greater whole. A little abstract, perhaps, but you get the idea.

VI. WHY WAS HOLACRACY ADOPTED AT ZAPPOS?

Well, to begin, CEO Tony Hsieh has disliking traditional organizational models, feeling that they are restrictive to both efficiency and individual interaction. Zappos wants to change its structure from Flat to Holacracy, because according to the Zappos the existing flat organizational structure not makes satisfaction in the work place. The existing structure doesn’t offer employees freedom in the work and the methodology of work is also prescribed in the system itself. He said friendly nature at work place the productivity and customer service will increase a lot. So, the new system can provide the friendly situation in the work-place. In the flat organization structure people are working with hands but not by the brains.

Here the some of the disadvantage in the existing flat organizational structure in the Zappos employees are having more than one manager. The flat structure is encumbering the growth of the organization especially if managers have wide spans of control. Lack of layers may reduce opportunities for elevated level strategic management.

The Flat structure is providing low degree of specialization and formulation and restricted to open share of idea to top managers. CEO Tony Hsieh wanted a fully open structure and everybody acts as a leader and follower, Hence the dynamic structure is called holacracy. It is a key to increase the level of accountability and involvement, where each employee is responsible to all co-workers rather than a single supervisor or manager. Instead, there will be individuals known as ‘lead links’, which can assign employees to roles, or remove them, but do not actually tell people what to do. Decisions about role responsibilities and how teams function are made by a ‘governing process’ by people in each circle.

VII. ISSUES IN IMPLEMENTATION OF HOLACRACY IN ZAPPOS

Still, Holacracy may be able to feel unnatural, especially at first and for new employees. The Meetings are designed to rapidly process tensions. The focus is on the work, not the people. “It’s not a very human-centric model for things,” says Stirman.

For instance, if you’re a junior designer, Holacracy says that you should bring up everything in this forum, but it can be difficult to ask for feedback or mentorship, especially when you’re new.

One real question comes in mind when we adopt Holacracy. Can we really manage the company with empty seat of managers? Is it possible? Many challenges with managing employees in adoption of Holacracy while the system removes traditional management layers. Zappos has stated that there is still structure, enabling individual employees’ and circles’ work to be observed and evaluated. Organizational scientists have noted; however, that there are risks involved with holacracy.

In connection to logistical concerns, to manage men, materials and equipment to professional development requires a manager's support. A team manager has the proximity, authority, and expertise about his or her employees to implement change in their immediate environment. While employees are responsible for voicing their opinions, the best companies hold managers accountable for listening and responding to those opinions and creating positive change. But how can the employees move forward without a unique guidance, the Holacracy may create conflicts in between employees.

The existing management approaches have been studied, and applied within all types of enterprise, for hundreds of years. Holacracy is the latest organizational model, the most current response to changing societies, forms of communication and daily life, and economies; but, it’s more of an iterative, or evolutionary, change rather than a revolutionary one. Before holacracy came matrix and lattice models. Hence there is no scalability. The Holacracy is not tested and not suitable to the large organization like Zappos. For instance, it is often challenging for existing managers to give up control; and, likewise, it can be difficult for junior employees to see themselves as equal to people who were formerly their bosses.

As noted by a Zappos senior executive, the model will also have leaders who “hold a bigger scope of purpose for the company”, likely meaning that there will be individuals who have broader functional management roles.

Zappos has had 10% of its employees on the new system for about eight months, and executives anticipate that the remainder of staff will transition by the end of 2014, with another six months for everyone to understand, and adjust to, its complexities.

So, what might the holacracy model mean to Zappos’ employees and customers? Is replacing traditional corporate hierarchy with the self-governing ‘circles’ approach gives employees more of a voice in how the company is moving. Currently working employees believe that this move will help keep the company from becoming too bureaucratic and too rigid. Since the theory has never
been executed on a company of this size, holacracy is more theory than practice and results.

In addition, there is a body of organizational structure found that some employees prefer the structure of traditional hierarchies and defined hierarchies enhance productivity, especially where cooperation is required.

If the holacracy model doesn’t work as forecast by Zappos executives, there is real potential for confusion. The organization is so strongly focused on customer-centricity and loyalty that there is also the potential for negative trickle-down to customers, with diminished experience and overall value delivery. In 1150, St. Bernard of Clairvaux coined the saying "The road to Hell is paved with good intentions.” Let’s hope Zappos employees and customers see more positive results from the application of holacracy.

VIII. ZAPPOS CULTURE AND CORE VALUES

Zappos serving with WOW:

WOW is such a short, simple word, but the customer fells through the service. Zappos is doing something more above and beyond the expectations of the customers. Zappos absolutely believe that whatever they do more to customers there is an emotional impact on them. Zappos intention is to deliver WOW service to customers, provide WOW facilities to its employees and partners they are not relates to directly to monetary considerations.

Keep on changing to be number one in the industry:

The big corporate idea is need change anywhere in the company specially companies like Zappos they prepared constant change. The CEO Tony Hsieh is decision to implement the Holacracy in Zappos will be considered as the Zappos always make their jobs indifferent. He doesn’t like the old and traditional structure because there is no fun in doing work in the traditional environment. Zappos believes that employees can also come to office with empty hands but not empty mind. Hence, they decided to change the organization structure with Holacracy where the all people involvement in decision making will be there at their levels. The Zappos always plan for change and implement the action plan to achieve expected results. Zappos do not feel fear to failure to implement or adopt the change. Zappos believe that to be number one in the industry then constant change is a part of the culture, because the competitor can copy the images but not the style of the work and our service and people.

Zappos adopts the funniness in our daily work this makes Zappos different from competitors Employees never feel boring. The company culture is makes successful, in culture; Zappos wants people to express their individuality in their level of work. If the employee feels inconsistency this impact on the productivity and culture so Zappos try to faction best through interactions with employees.

Zappos employees are working without fear to make mistakes. Zappos believe if people making mistakes, then that means they're taking enough risks, then only they improve their innovative and decision making skills and they learn left experience from the mistakes which they are making. The employees having are freedom to think outside the circle which leads. Zappos always wants to be adventure and having fun exploring new possibilities in employees it is making our own luck on skills. This is an open mind approach.

Zappos practically value the strong positive and open honest relationships in all areas with managers, direct reports, customers (internal controls and external environment), vendors, business partners, team members, and co-workers which allows to achieve greater results what they expect.

Every relation in the organization is subject to emotional connections and trust, which are very hard to maintain sense of balance. At Zappos is a fully open environment even new person having squeeze variety in thoughts, opinions, and backgrounds he will be treated as the more valuable to the company, this is a fantastic impact on you and works for the company with full satisfaction. Fundamentally, Zappos believe that openness and honesty make for the best relationships because that leads to trust and faith. This principle works in case of customers and employees as well.

Zappos treat the employees as family member and they want to create an environment that is friendly, warm, and exciting. They are encouraging diversity in ideas, opinions. This is found that even they implement Holacracy now there will not be a difficulty to manage the company. Here the role of a manager is to remove obstacles and enable his/her direct reports to succeed, and every team members takes imitativeness when they notice issues so that the team and the company can succeed. The employees have greater advantages because they are treating a s family, watch out each other, care for each other with trust.

In fact, the best ideas are from informal interactions outside the company environment. For example, the idea for culture book in Zappos came about from a casual discussion outside the company’s office.

Zappos believes in passion, determination, perseverance, the sense of urgency, positive and optimistic but realistic attitude about the entire environment. Zappos inspired because they believe in what are they doing and where they are going because this inspires others to have the same attitude. The idea is here passion is the fuel that drives the company forward to reach the goals.

CEO Tony Hsieh’s leadership and vision

Zappos is structured a lot flatter hierarchical different from other companies. They decentralized the
decision making. Employees hang out with each other, at all various levels. Zappos’ Tony Hsieh says a passion for service is the key for the success of Zappos Tony said ‘Personally I cringe at the word ‘leader.’ It’s more about getting people do what they’re passionate about and putting them in the right context or setting. They’re the ones doing the challenging work’. The company is guided by a set of 10 core values. They are:

1. Deliver Wow through service.
2. Embrace and drive change.
3. Create fun and a little weirdness.
4. Be adventurous, creative and open-minded.
5. Pursue growth and learning.
6. Build open and honest relationships with communication.
7. Build a positive team and family spirit.
8. Do more with less.
9. Be passionate and determined.
10. Be humble

Tony Hsieh’s leadership style: Bringing Values to life. Here are some of the specifics that help bring the Values to life: Tony said, “At Zappos, our belief is that if you get the culture right, most of the other stuff like great customer service, or building a great long-term brand, or passionate employees and customers will happen naturally on its own.”

Tony Hsieh is a more recent real-life example of authentic leadership. Hsieh joined Zappos at the age of 24, and could not only improve sales exponentially, but also to create a company culture that landed Zappos on the “Best Companies to Work For” list released by Fortune magazine each year (Delivering Happiness, 2013). Hsieh’s unconventional and passionate approach to organizational culture has set him apart as a leader in business, and he possesses several characteristics that exemplify authentic leadership.

Authentic leadership focuses on the leader and characteristics like self-concept, while the interpersonal perspective defines authentic leadership as a relational process created by leaders and followers (Northouse, 2012).

The five basic characteristics identified by Bill George, when examined in the context of Tony Hsieh’s leadership (Northouse, 2012).

**Authentic leaders understand their purpose:** Hsieh, from an early age, demonstrated an entrepreneurial spirit; he was only 24 years old when he became a millionaire after selling LinkExchange. Hsieh has succeeded in his purpose of acquiring the Zappos brand a reputation for superior customer service and culture.

**Authentic leaders have strong values about the right thing to do:** Hsieh’s customer-centric business approach has set Zappos differentiated from other online retailers. Zappos offers free shipping both ways, and provides effective customer service department. The company culture he has adopted also concern for employees; Hsieh believes that happy employees make delighted customers and he attempt to create both happen every day (Reiss, 2010).

**Authentic leaders establish trusting relationships with others:** Hsieh’s business model for Zappos involves creating positive customer relationships, which allows for a doubtless and stress-free shopping experience. Hsieh’s culture has centered on trust internally; Zappos employees are given many creative freedoms and enjoy a relaxed working environment because Hsieh feels that the bottom line is customer satisfaction. He trusts his employees to take care of his customers.

**Authentic leaders demonstrate self-discipline and act on their values:** Hsieh, and by extension, Zappos, lives by the values he has established from the starting. The hiring and selection processes used by Zappos remain true to the company’s values as well. Candidates must demonstrate technical skill, cultural fit, and values that agree with Zappos’ 10 core values. This model means that many good, technically-qualified candidates are passed over, even at the expense of profits, because cultural fit is so incredibly important.

**Authentic leaders are passionate about their mission:** Tony Hsieh has made customer satisfaction. He regularly states that money shouldn’t be a number-one goal, and that passion is what makes a business grow and succeed.

His book, Delivering Happiness: A Path to Profits, Passion, and Purpose, was written with the intention of spreading the message of using passion to find one’s purpose and turn a profit (Delivering Happiness, 2013). Tony Hsieh’s brand of authentic leadership has made its mark on the business world, and those who would like to adopt a similar leadership approach will benefit from his example.

**Flat organization structure** refers to having a relatively small number of layers in your company's organizational chart (shown below). The specific number will vary with the complexity of the business. A very small company with a flat organizational structure may have all staffers reporting directly to the president, whereas a multinational corporation might have many levels of management but still be flatter than its peers.
IX. ZAPPOS FLAT STRUCTURE

Zappos Flat organization structure refers to having a relatively small number of layers in the company's organizational chart. In Zappos, flat structure may have all staffers reporting to the president through the departmental heads or managers. The flat organization supervises employees less while promoting their increased involvement in the decision-making process.

X. ADVANTAGES

In a Zappos flat organization structure, each manager has a relatively higher number of direct reports, as compared to similar companies. The Zappos is fewer layers of management means fewer approvals in decision-making, so decisions can be made faster and the organization can respond more quickly to new opportunities or threats.

Zappos fewer layers of management can lead to better and more frequent communication between higher-level managers and staffers, resulting in better understanding of company goals for the staffers and a better understanding of daily operational issues by the managers.

Zappos flat organization structure elevates the employees’ level of responsibility in the organization. It removed the excess layers of management’s involvement and improves the coordination between employees to speed of communication between employees.

Zappos culture and core values encourage an easier decision-making process among employees.

Zappos eliminating the middle management reduces time in decisions, reporting process. Flat Organizational Structure is fully having flexibility, and Lower degree of centralization.

Span of control in the Zappos limited. According to the management experts, the top-level management, the span of control should not be more than 1:6 while at the lower level of management the level should not have more than 1:20. This means Zappos top level management should not have more than six subordinates and managers must not have more than 20 workers as subordinates. This is no possible in the Zappos, so there will not be an effective Span of control on Zappos.

Zappos is little formulated in flat model all the decisions are taken by the top management and employees are simple following this disables the creativity of the employee and interested of the employee would not spark well as expected when this is the circumstance how can we expect the desired results in the organization.
Zappos flat structure is providing low degree of specialization and formulation and restricted to open share of idea to top managers. CEO Tony Hsieh wanted a fully open structure and everybody acts as a leader and follower, Hence the dynamic structure is called holacracy.

XI. GOING FLAT: THE RE-IMAGINED ORGANIZATION

Earlier this year, with sweeping transparency as the goal, Zappos announced that its traditional organizational structure is being replaced by a Holacracy - a "self-governing" management system where there are no job titles and no managers". Expected to be fully in place by year's end, the retailer's commitment to establishing a flatter, leaner and more flexible work environment is yet another example of how successful organizations are changing the way businesses are structured and organized.

The multi-layered pyramid structure remains the predominant organizational design of today. It is popular because it facilitates and supports the use of command-and-control management approaches. However, the pyramid is becoming increasingly inefficient because it characteristically builds layers of management within it. Decision-making and quick response is made difficult when we have an organizational structure that reinforces the bureaucracy through its "managers managing managers" design.

Of course, Zappos isn't the only successful business breaking the mold on organizational design. Companies big and small are overturning our previously-conceived notions about how best to be structured. For example, W. L. Gore & Associates, known for its Gore-Tex product line, employs more than 10,000 associates worldwide and describes its culture and organizational design, as follows:

"How we work at Gore sets us apart. Since Bill Gore founded the company in 1958, Gore has been a team-based, flat lattice organization that fosters personal initiative. There are no traditional organizational charts, no chains of command, nor predetermined channels of communication.

Instead, we communicate directly with each other and are accountable to fellow members of our multi-disciplined teams. We encourage hands-on innovation, involving those closest to a project in decision making. Teams organize around opportunities and leaders emerge. This unique kind of corporate structure has proven to be a significant contributor to associate satisfaction and retention."

Valve Corporation of Bellevue, Washington is an entertainment software and technology company founded in 1996. In addition to creating several award-winning games, its 300 staff members have been boss-free since 1996. Its website describes the work-setting at Valve as follows:

"Imagine working with super smart, super talented colleagues in a free-wheeling, innovative environment with empty seats of bosses, no middle management, no bureaucracy, just highly motivated peers coming together to make cool stuff. It's amazing what creative people can come up with when there's nobody there telling them what to do."

What makes the firm even more interesting is the way in which it carries out its work. Staff members are outfitted with desks on wheels so that collaboration and free-form teaming can be done without having to put out a work request to the building manager to reconfigure its workspace every time a new project begins.

These examples make it clear that the pyramid organizational design needs to be rethought and gradually replaced with more fluid and responsive operating models – ones that can withstand the stresses of the modern-day business world and still adequately respond to marketplace demands in ways that keep the enterprise competitive and vital. Flatter, modular and more cooperative-based organizational designs will need to be forged to satisfactorily replace the pyramid.

XII. IMPLEMENTATION OF HOLACRACY

CEO Hsieh disliked going to work at his own company.

"The company culture ended up just going downhill, and it ended up being not a fun place to work anymore," he feels the is because the existing structure works no more. It gets older. See day by day the world and mind set of employee and customer has changing but the corporate is using old models, they never work as expected. This the reason Hsieh need of new model that is a dynamic Holacracy. In this structure, all the employees evolved in all level up to decision making at their levels.

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Why was holacracy adopted at Zappos?

Well, to begin, CEO Tony Hsieh has disliking traditional organizational models, feeling that they are restrictive to both efficiency and individual interaction. Zappos wants to change its structure from Flat to Holacracy, because according to the Zappos the existing
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Of course, there are plenty of potential pitfalls of a holocratic structure, as well. Logically without any one person truly in charge of the organization, how exactly will a growing company deal with some of the inevitable challenges of scale (i.e., firing employees, managing company underperformance, and seeking outside funding)?

As William Tincup pointed out in this post for Fistful of Talent, there are a few other potential issues with holacracy that might prevent it from being effective in larger organizations:

**It isn’t for everyone:** For employees to thrive in this environment, they need to be independent thinkers who are good self-managers. Unfortunately, it’s likely that you have a few people in your company right now who don’t fit that profile, and you may need to hire people down the line whose personalities and skills don’t align with this system.

**It may make retaining talent difficult:** In a flat structure, there are no promotions or incentives to climb the ladder. How will you retain your best employees if they’re offered raises and bigger titles elsewhere?

**The transition from hierarchic to holocratic can be difficult:** Companies (and people) are used to functioning a certain way, and going flat can be disruptive if your team isn’t ready for the transition. It might work, but it might also be a total disaster. Can you afford to take that gamble? Then, of course, there’s the possibility that the CEO

### XIII. RECOMMENDATION

As per the analysis I recommend the following recommendations:

First practically implement the Holacracy model on a small scale as it is still an experiment and keep maintain the retain parts of the old organization structure that has made it so successful in particularly In a Zappos flat organization structure, each manager has a relatively higher number of direct reports, as compared to similar companies. The Zappos is fewer layers of management means fewer approvals in decision-making, so decisions can be made faster and the organization can respond more quickly to new opportunities or threats.

Zappos fewer layers of management can lead to better and more frequent communication between higher-level managers and staffers, resulting in better understanding of company goals for the staffers and a better understanding of daily operational issues by the managers.

While implementing the Zappos must follow the adoption rules and trains the employee as per the value and methodology. It is better to implement for selected employees. After the implementation, note down the performance of the employee and check whether the Holacracy providing expected results or not.

Prepare steps to measure employee performance, find out how they build trust slowly each other whether it is increasing, if not, find out the reasons and take necessary precautions also, find out empower employees to take an additional responsibility.

The most important core value is implement external feedback mechanisms with customers, and refine the feedback what they given, find out what they are taking about the company and try to trace out, will any customer found any change. Must communicate the change to customers to measure accountability and leadership.

### XIV. CONCLUSION

**THE BIG HOLACRACY EXPERIMENT**

People are looking at Zappos and their implementation of this new ‘organizational operating system’ as a make-it-or-break-it for transforming to Holacracy. The lack of communication from either Zappos or Holacracy on the results of the experiment seems to stir rumors around the world, hence it become NO PROOF OF SUCCESS or even failure.

**NO PROOF OF SUCCESS**

Zappos personnel seem to struggle with the fact that there is no proof whatsoever to prove them to keep working in this new way. “The problem is that the
leadership never communicates, or communicated, about the level of innovation before and after the implementation of Holacracy. There is no data or proof whether or not it is working for Zappos.”

Some of the employees are frustrated with the Holacracy, because there would be no formal hierarchy within the system to lead the people. Some of the employees are felt that there is a similar hierarchy as we had before.

Zappos Employees deeply care about the original culture. They are trying to protect the culture being kidnapped by Holacracy. However it is one-size-fits-all approach, they are still working on it. We can say the implementation of Holacracy as an intermediate step to further organizational level of innovation and liberation. Zappos just looking for the self-management and less hierarchy system, many of its employees are sure at Zappos is capable of finding the right way of working for them.

REFERENCE