

**The Values & Practices of the New Paradigm in Management:
Peer-Based Organizations**
By Jeffrey S Nielsen

In my book, *The Myth of Leadership: Creating Leaderless Organizations* (May 2004 published by Davies-Black), I present a new paradigm in organizational management and contrast it with conventional rank-based leadership. The book is based on my experience over many years working to make organizational life more meaningful, joyful, and prosperous. I was surprised to discover that a frequent obstacle to improving organizations was our common concept of leader and practice of leadership. Sadly, most of us make assumptions about our place and role in organizations that limit our genuine opportunities for growth. In general, these assumptions involve the significance we place on our concept of leadership, and the privileges we bestow upon our leaders – frequently to the detriment of others in our organizations. I have called these assumptions the **myth of leadership**, and they rationalize the rank thinking that makes so much of organizational life unfulfilling and less productive than it could be.

Peer vs. Rank Thinking

I have learned through much good and bad experience that genuine communication tends to occur only between peers, and secrecy more often than not breeds corruption and abuse of power. It should not be unexpected when organizations that practice the rank thinking of the myth of leadership find poor communication the norm and discover a growing gap between reality and the mindset of the top executives. Peer thinking does not mean we are all interchangeable, or that we are all the same possessing equal talents, needs, ambitions, or that we even make equal contributions, but what it does assert is that all members of the organization have equal standing. It is a strategic principle guaranteeing the organization will be more successful. By denying no one the chance to make decisions about issues affecting his or her work, it will increase everyone's productivity and lower costs. Our workplaces will also improve as we gain the productivity unleashed by treating one another as peers.

I define rank thinking as the belief that only a few in any organization (generally the designated leaders) should be given special privilege to monopolize information, control decision-making, and command obedience from the vast majority either through coercive or manipulative power. Peer thinking, on the other hand, I define as the belief that everyone in the organization should have an equal privilege to speak and an equal obligation to listen regardless of their position in the organization. In general this would mean that everyone shares in information, participates in the decision-making process, and chooses to follow through persuasive means. A brief look at the key values of organizations that practice peer thinking will be helpful.

Peer-Based Organizational Values

The governing values of a peer-based organization are:

- Openness
- Transparency
- Competence
- Alignment

Openness is the value of full disclosure of information to all individuals in the organization. It is a prima facie assumption against secrets. Of course, there are exceptions to full disclosure, but such exceptions must be justified and infrequent. Openness is also the value of communication that flows without barriers between all members of the organization.

Transparency is the value of full participation in the decision making process by every member of the organization to the level and degree of their sense of comfort and desire. It is opposed to any and all hidden agendas that corrupt genuine community within the organization.

Competence is the value of continuous learning by every individual in the organization. There are certain intellectual skills required that everyone has the ability to develop, but not everyone has had the opportunity to develop. Things like decision-making, problem-solving, strategic thinking, and active listening to others. All members of the organization need to develop these skills so they can fully contribute.

Alignment is the value of engaging the entire organization around common interests. A constant struggle in every rank-based organization is ameliorating the conflict between an individual's self-interest and the best interest of the whole organization. In the absence of openness and transparency, this conflict is exasperated. Through full disclosure of information, open communication, and the opportunity to participate in decision making, an individual's sense of self-interest is enlarged to include the interest of all others in the organization.

People desire greater autonomy and self-determination but acquiesce to rank-based authority out of insecurity and ignorance of other possibilities. My experience has been that when people have the opportunity for greater control over their life by having open access to information and being active participants in making the decisions affecting their own well-being, they not only rise to the challenge, but excel. When people have some measure of control over their own destinies, productivity and joy increase. Since we spend the majority of our waking life in workplace organizations, it seems our organizational life is a leverage point to develop and implement the core practices of peer thinking so essential to any healthy community.

Peer-Based Organizational Practices

If you increase the information flow, freedom in decision-making, and flexibility in relationships in a company you'll open it up to greater creativity and innovation and incorporate the requisite openness and transparency. There are at least six key peer practices that accomplish this.

- Promote open flow and sharing of information, including knowledge of business and financial conditions – with no secrets and no surprises.
- Encourage employees to think strategically by teaching them strategic thinking skills.
- Encourage employees to be creative and constantly learning by teaching them key competencies like deliberative decision-making and communication.
- Communicate throughout the organization honestly and truthfully.
- Chartering of peer-based councils and teams empowered with the authority to make the decisions affecting their work – expanding freedom and creating soft hierarchies.

- Practice rotational leadership and manage the key organizational decisions through the peer-based councils.

Of these six key peer practices, the last two require a special explanation.

Peer-Based Councils

Peer councils are formed by bringing together people from every rank and department of the organization. Councils tap into the intelligence that exists throughout the company at every level. Councils will require the involvement of all individuals, regardless of reporting structure. In a council, there is no rank, everyone from the highest level manager to the front-line worker, who might participate in a council, come together as peers. This will allow the best possible decisions to be made by giving all participants input into decision-making. Finally, networks of councils will start to replace individuals and individual positions as key centers of authority and decision-making power. The peer councils become multiple centers of decision-making authority and responsibility. By distributing power and responsibility throughout the organization, it taps into the whole intelligence and talent latent within the peer-based organization.

Rotational Leadership

Ultimately, leadership position should be based, not on rank and seniority, but on passion and peer review. Rotating who has leadership position on a regular basis is the most effective way to begin fostering peer-based organizations. Even in the absence of peer councils, rotating leadership positions on a regular basis will create soft hierarchies that give people a greater chance at participation and contribution. Also, the fact that people share in the ownership of leading means that they also share in the burden of communicating knowledge and information to others. This improves teamwork and knowledge sharing in a manner that makes organizations self-correcting. The essence of rotational leadership is those in management positions have definite term limits. Individuals in management positions will be given a definite period to fill their management assignment and will select two to three specific and measurable objectives for their tenure. After their time is up, other individuals will be chosen and the rotation continues. This will keep the energy flow through the organization generative, and a greater number of possible strategic paths and creative innovations will be possible.

A rank-based organization exists in order to perpetuate itself – to survive. Thus individuals are frequently sacrificed for the survival sake of the organization. A peer-based organization exists in order to improve the lives of its stakeholders. Sacrificing any individual for the organization's sake, in a peer-based organization, is inconceivable. In our organizations, we are co-creators with one another of our future. It should be a future we accomplish, not through coercion and rank-based power, but through the subtle influence of persuasion and the power of peer thinking. It can lead to a future that will not cease to both surprise and exhilarate. (The author would love to hear from you. Write to Jeffrey Nielsen at mythofleadership@hotmail.com.)