

Decos

2015 - Decos is an IT company with offices in Noordwijk in the Netherlands and Pune in India. Decos Carribean on Curacao is an independent sales and implementation company. This case description only concerns the establishment in Noordwijk.

In co-creation with customers and partners Decos develops digital solutions in the field of e-government, real-time and online collaboration and sustainable mobility. Customers are local authorities (digitization solutions), courier and fleet managers (mobility solutions).

This case description is based on interviews with Bert Hendriks, Chief Commercial Officer, René Wanders, Product Manager, Mark Rosier, Controller and Member of the works council and Marcia van Kampen, Communications Officer.



History

The company was founded twenty-seven years ago by Paul Veger. At that time the company produced mainly information systems to support working digitally, at governments. There was a growth spurt from 1999 and that led to a company owned Development Centre in India where still most software development occurs now adays. Four years ago the company moved into the new building in Noordwijk. The building was designed to the image of a meteorite and placed in a lunar landscape; it represents the visionary and forward-looking attitude that the company likes to give forth. The building is carbon neutral. CO2 emissions by the company are less each year. This is also achieved by the use of electric vehicles.

When Decos staff moved into the new building, "paperless" working was introduced. Januari 2014 they started working without managers; at Decos they name it 'connected working'. Before, the managers were doing also work as a consultant or project manager; after the switch to connected working they have just more time for these other jobs; so their jobs have changed partly. Sometimes they have a leading role in a project, but this role can also be fulfilled by a colleague who was not a manager before.

In Noordwijk in 2015 there are working 56 professionals in self-managing teams (mostly consultants, product managers and programmers). 45 of them are working at Decos Information Solutions (DIS). The rest is divided among three other companies: Decos Mobile Solutions (7 persons) Decos Minute (conferencing software, 2 persons), and Decos Systems (2 persons). In India there are 110 employees, mostly programmers. This is the core group of employees. There is also a flexible shell, to include former employees who wanted to work as self-employed entrepreneur.

Reason and objectives for workplace innovation

According to Bert Hendriks the reason to start working without managers was that they began to realize that a hierarchical structure does not work for Decos. This insight was partly fueled by negative results in the year 2010. That was a year after many managers and middle managers were recruited. That had costed a lot of money, and the staff had to spend much time in discussions. Moreover there was introduced a control system with tightly monthly targets etc. After that year with negative results a number of managers was fired. This experience has taught them that this way of managing the company does not fit Decos. On the contrary the human side, involvement and empowerment are considered very important at Decos and there is openness in the leadership style. Indeed, they don't think very hierarchical "because it is the knowledge and experience of a person that counts."

Then they looked for organizational models that correspond to this views and that would stimulate taking initiative and risks by the employees. "Better ask forgiveness afterwards, then abandon an initiative in advance", delineates Bert the corporate culture. Ricardo Semler is an important inspirer, however at Decos they have changed the organization in a pragmatic way. "What works for us?" was the credo.

Workplace innovation

Structure

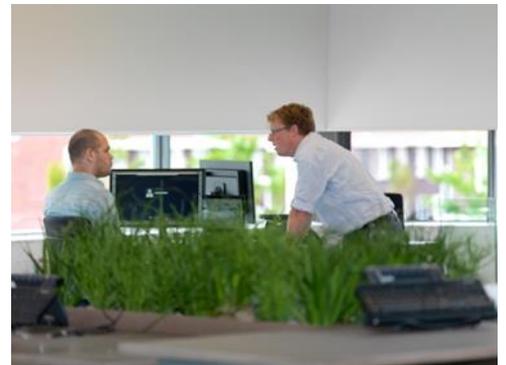


The founder is the largest shareholder. He is in the Board together with the other two major shareholders: the Chief Commercial Officer and Chief Innovation Officer. After one year in permanent employment, employees can also purchase shares up to a certain limit. When they leave the company, they have to sell their shares. So the shares remain within the company. Shareholders are referred to as 'participants'. Each quarter they meet. Strategic issues are discussed, such as business plans proposed by departments or teams. When important decisions they may vote. Preferably they reach consensus, but ultimately the Board cuts the knots. The participants do not have a lead in information and when important decisions have to be taken there will be listened to everyone's voice.

The Board coaches and supports the Directors of the operating companies. The organization is flat; between the Board and the executive staff, there is a Director at DIS and one in Mobile Solutions; employees of Minute and Systems work directly under the Board. At Decos the employees are called 'intrapreneurs'; thus reflecting the expectation that the employees show 'entrepreneurial behavior'.

Strategy

"The company's strategy is developed in an organic way", says Bert Hendriks. The Board proposes a broad vision that then will be elaborated by the managements of the operating companies, in consultation with the teams. At any time employees can put forward what they think of the organization and its strategy. The organization receives a lot of feedback from the employee satisfaction survey and from the NPS (Net Promoter Score) for loyalty of the customers. Also from this customer research they draw ideas for improving work processes (recently for example about improving product development and customer communications). New product ideas often emerge in the contacts of employees with customers.



The primary process

Decos uses a method which René Wanders, product manager, describes as follows: "For five years at Decos we develop systems in co-creation with customers using the 'lean startup' method. That means that we assess an idea on viability together with the costumers first before we actually start developing it. Customers who became interested will be closely involved in the development and become known with the software already at an early stage. This method is highly valued by customers."

Besides consultants, product managers and programmers, Decos employs sales managers who specifically focus on bringing in new customers, especially via tenders. In addition, many acquisition is happening by consultants or project managers who signal new needs or request of existing customers.

Managing and coaching staff

The employees work in self-managing teams. The operating companies, the teams and employees determine a roadmap on the basis of the strategic vision. That's an annual plan with Objectives and Key Results (OKR) and quarterly targets are derived from that. Anyone know of themselves and of their colleagues the results to be achieved. If the results are not achieved, initially the team will take the responsibility to define the saving actions and execute them, and may ask the Director or Board to help. The Board keeps an eye on the results and will ask questions if reports show that there is a backlog. Finally management cuts the knot after having consulted the team.

Every day the team meets briefly, standing (Scrum). Everyone is an entrepreneur (intrapreneur) and can - in consultation with his or her colleagues - take the initiative to develop an idea into a proposal including a business case. The proposal is discussed with the Board, as one of the stakeholders and then jointly the decision is made.

Colleagues are expected to give feedback (360 degree feedback). The director monitors the outlines, says Bert. Thus, inter alia, is looked whether all staff is going in the 'right' direction and is tried to avoid amateurism and made sure that people are open and transparent about issues that can be addressed at the organizational level. Each team has its own responsibility in this.

Innovation

There is a budget for innovation for the whole Decos group. Of this budget 70% is for the development of the main products. 20% goes to 'edge' products that are new but touch Decos' core markets (such as Minute, a meeting app) and 10% goes to completely new areas, such as robotics. In all working companies employees must be focused on innovation constantly and thus have budget available.

HR

The HR policy is a shared responsibility; there is no HR manager. The teams determine if new people have to be employed and decide on that in consultation with the Director. The teams also do the recruiting. If anyone really does not fit to the job despite careful selection, feedback and coaching, the director or the Board decide on the exit of that person, in consultation with the team. The professional development of employees is stimulated by the 360 degree feedback system. In addition, interviews with a member of the Board or a Director can help employees to find a direction for his or her development. If someone wants to develop in a certain direction, that is encouraged and he or she will receive support for it.

At Decos, they still struggle a bit with the question of how to stimulate people to grow and how you can let them determine their own income. The Works Council believes the last point is still a step too far.

Participation

According to the law the company is not obliged to set up a Works Council. However Decos has a Works Council, consisting of three people, says Mark Rosier, Works Council member. The WC is the interlocutor of the Board, for example, when it comes to employment conditions, pensions, abolishing of formal holidays, reorganizations and operating without managers. The latter has been embraced by the OR. Mark says: "You already skipped those managers in former days".

Approach

In the beginning there was a lot of uncertainty about the new way of working without managers. Soon it became obvious that managers had fulfilled necessary tasks and roles. But they soon figured out that these tasks and roles may also be done in another manner or fulfilled by other employees without that employees deriving more status, power and income from playing that role. Examples include the introduction of the OKR (Objectives and Key Results) system and the 360-degree feedback system. The OKR system makes clear to everyone what the expected results are. The 360-degree feedback system is very effective and necessary; it replaces the adjustment by a manager while stimulating cooperation, improvement and development at the same time. But providing feedback to colleagues appears not to be so easy. Using internal training and external coaching is now being sought for a good execution of the feedback system.

Results

A major goal was to empower employees. Bert says about this: "Previously in case of problems staff automatically looked at the Board. Now people take much more initiatives. By choosing for an organization without managers, suddenly you see standing up a whole layer of people of whom you previously might not expect that." The Works Council member says the following about it: "It gives more freedom; you're not a wage slave but an entrepreneur. You have the feeling of being listened to. You have to negotiate about your salary with someone from the Board. That you have to get used to. You have your own shop inside Decos, so to speak." Since the introduction of connected working, the employee satisfaction survey has not yet taken place. So it cannot yet be determined whether employees over all are more satisfied now they work without managers.

In recent years Decos has earned "decent profits". The result of 2014, the year they began connected working, also was a good year. So at least the new way of working did not negatively influence the results.

Tips

The tip of Mark Rosier is: "Trust your employees. Do not put three layers of control above them. Intervention or correction can take place at the end. If you do not trust them, you should not employ them."

René Wanders concludes: 'It is important that as a company, you are clear and transparent.'

Reference

This case description is made by Fietje Vaas.

Besides the interviews a source of information was the article in MT Management Team (30 - 3, 2015): *'Bij Decos in Noordwijk hebben ze geen managers nodig'* (*'At Decos Noordwijk they do not need any managers'*). p. 1 - 7.
This article is attached.