# The *Open Organization*

## A New Era of Leadership and Organizational Development

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# Chapter 2

# The *Open Organization* Defined

An *Open Organization* is defined as the sharing of ideas, knowledge, resources, and skills across organizational, generational, and cultural boundaries within, and in some cases outside, a highly adaptable, *Flat*, agile, self-led formal organizational system

> *An* Open Organization *is simply a method of self-leadership in which individuals participate in the movement of an organization from their strengths.*

for the purpose of achieving a stated outcome (Foster, 2011a). Knowledge resides where it is most useful and at the moment it is most needed. The *Open Organization Model* permits teams to carry out several projects at once through the use of differing approaches and agendas in an effort to expel the use of centralized models and hierarchies (Open Organizations, 2006).

The main attribute of an *Open Organization* is in the peer interaction which crosses organizational, generational, and cultural boundaries to collaborate with others for the expressed purpose of producing an end-product and sharing the source-materials, blueprints, and documentation freely within the organization (Open Organizations). An *Open Organization* is about transparency and clarity in a very structured and ordered environment with expressed and explicit rules so that no one has to guess and everyone is on the same page (Bowers, 2014).

The *Open Organization* begins to recognize that individuals, groups, and organizations have needs that must be satisfied. It is this thinking that underpins the idea of the *Open Organizational Approach* which takes its inspiration from the work of Ludwig von Bertalanffy. Bertalanffy's approach builds on the principle that organizations, like organisms, are "*Open*" to their environment and must achieve an appropriate relation with that environment if they are to survive (Morgan, 2006, p. 38). As the *Open Organization* concept gains attention, it enables teams to develop products and services within diverse production models, communication methodologies, and interactive communities (Elmquist, et al., 2009, p. 329; Open Organizations).

Some will argue that you cannot mix *Leadership and Organizational Theory* because they are two different animals. In fact, an *Open Organization* begins to blur the lines between the two. An *Open Organization* is simply a method of self-leadership in which individuals participate in the movement of an organization from their strengths. The *Open Organization* is a decentralized structure which trends away from authoritarian management styles, separatist titles, and privileges of multilevel hierarchies found mostly in *Organization 1.0* and *2.0* (Galbraith, 2002, p. 17). As a non-traditional organization, the *Open Organization* leads to faster decision-making, lowers overhead, is considered more flexible, has followers who are generalists and leaders who are more in touch with their followers (Galbraith, 2002, pp. 13, 20). Unlike the centralized system of eras past, an *Open Organization* may at times appear to not have a clear leader who is in charge or a specific location where decisions are made (Brafman and Beckstom, p. 19). An *Open Organization* is a more agile structure that is able to more quickly respond to changing conditions because all members have access to knowledge and can make decisions (Brafman and Beckstrom, p. 39).

While there is no one-size-fits-all approach to organizational design, we can argue that an organization behaves the way it has been designed to behave (Stanford, p. 3). An *Open Organization* requires that everyone in the organization have some control over what is going on and it requires all members have an equal voice in the process (Stanford, p. 28). As a result of everyone holding equal voice in the process, you will find a strong level of accountability by all members within an *Open Organization*. The process of being accountable makes it necessary for all members to intervene in the decision-making process when another member does not meet their obligations. This requires all members to let go of their preconceived notions of how people operate and essentially trust that the people to whom power is given will act responsibly (Li, 2010, p. 18). The biggest indicator of success of an *Open Organization* comes from an open-mind and the leader's ability to give control over to the followers at the right time and place and to the extent which people need the discretion to get their job done (Li, p. 8).

An *Open Organization* structure in no way signifies that it is void of formal structure or leadership. In fact, an *Open Organization* very much relies on a framework on which to build and the leadership element very much remains a central requirement of an *Open System* (Yehuda, 2001). While organizations may vary in how *Open* they are to their environments, even an *Open Organization* will display a hierarchical ordering in which each of its higher level of systems comprise of lower-level systems such as: systems at the level of society comprise of organizations; organizations comprise of groups or departments; and groups comprise of individuals (Cummings and Worley, p. 85).

An *Open Organization* will not only maintain a structure but also utilizes a set of standards called an organizational *Governance* or *Charter*. An *Open Organizations Governance* explicitly lays out how members within the system will work together without having to negotiate individual agreements with each member (Li, p. 34). The structure which emerges must exist independent of any organizational compensation or rewards systems that seek to reward individuals disproportionately and most are often associated with a formal business model (O'Mahony, 2007). To accomplish this framework requires the organization to develop formal written *Governance* that ensures that the interest of all members is represented and provides independent decision-making at all levels of the organization free from any single external controlling influence (O'Mahony). A formal *Governance* or *Charter* provides operational standards which aim to facilitate the dissemination of information and content throughout the *Open Organizational System* (Open Archives, 2011).

While *Open Organizations* are not leaderless, they are very much lead in such a way that leverages new behaviors within the system (Yehuda). In fact, it could be argued that an *Open Organization* is an organization of leaders. Beyond self-leadership, leaders are still required to manage, measure, correct, take control, and be accountable for given results (Yehuda). The level of *Openness* within the organization will determine to what extent the leadership will operate. An *Open Organization* is much like the *Leader–Follower Theory* in that the leader in no way abdicates the role of leadership within the organization. Instead, an *Open Organization* leader explicitly empowers their followers through the mechanism of a *Governance* to get things done.

The structure of most traditional businesses in the *Organization 2.0* era are typically recognized as having closed decision-making models and individuals who are un-accountable, knowledge is hoarded and there is likely to be some kind of abuse of power (Open Organizations). Counter to the traditional organizational mode, *Open Organizations* typically rely on trust and the free flow of ideas amongst the members within the confines of the organizational structure and *Governance*. It is generally accepted that organizations have some kind of formal lines of communication and dissemination of work assignments is directed and does not necessarily account for individual motivational needs. When organizations do consider motivational needs of the followers, there remain rigid organizational mandates before any of the needs of the individuals will be considered. The best scenario for success would be an organizational model that champions the intrinsic motivational needs of the individual while facilitating the expressed needs of the organization. Creating a flexible environment that meets the needs of both can be a challenge for leaders.

The best option for success rests in a more organic organizational approach. For example, a vine has structure but is flexible and can make changes as challenges arise. Such flexibility affords the vine the ability to navigate around obstacles, yet maintain the structure required to move nutrients throughout the entire system of the vine. The challenge is to translate the vine analogy into an organizational mechanism that permits the structure to reach specified goals.

In considering an organic approach to sourcing information, an *Open Organization* offers a solution that will meet the needs of an organization. The *Open Organization Model* includes the concept of concurrent yet different agendas and differing approaches in production, which is in contrast with more centralized models of development such as those typically used in hierarchical teams. A main principal and practice of *Open Organization* teams is the peer interaction across organizational boundaries through collaboration with the resulting product, source-materials, blueprints, and documentation made freely available to all members of the organization (Open Organizations). *Open Organizations* create structures that are less rigid than their more formal structured hierarchical counterparts. The end result is not to abolish organizational structure but to create a more flexible flow of ideas and processes that meets the motivational needs of each individual within the organization as they pursue the goals of the organization. Within an *Open Organization*, the decision-making process must be highly inclusive and it must allow consensus to emerge where it exists (Ousterhout, 2009).

The idea of an *Open System* reveals a fundamental truth that the best person to complete a given task is typically the one who most wants to do that task and the best people to evaluate the individual's performance are those who will enthusiastically pitch in to help improve the final product out of the sheer pleasure of helping one another achieve something from which they all will receive benefit (Howe, 2008, p. 8). The nature of an *Open Organization* has revealed that, contrary to conventional wisdom, individuals do not always behave in so-called predictable self-interested patterns (Howe, p. 15). Individuals will typically participate for little or no money; laboring tirelessly despite financial reward through the mechanics of collective intelligence to contribute and aggregate information to come up with better solutions (Howe, pp. 15, 54, 180). Wikipedia offers an excellent example of an aggregated solution. Individuals may, within guidelines, participate in the writing, editing, and monitoring of material placed on the Wikipedia website.

An *Open Organization* does not mean that the members are able to make better decisions, but that they are able to respond more quickly because they

have access to a collective knowledge and the ability to make use of it (Brafman and Beckstrom, pp. 39–40). Wikipedia is not necessarily a better form of Encyclopedia as it is proven to have less than accurate information. However it offers a real world example of collective knowledge and the desire to create an accurate communal database of information.

## Closed

Most organizations are considered closed structures. Not just closed to the outside world but also closed internally as well. Information is closely guarded and disseminated on an as needed basis. A closed organization doesn't make any distinction between the laws of nature and social rules, and it assumes that both are unchangeable (Bodo, 2004, p. 6). In a closed organization each department or silo has its own predetermined duties and within those silos individuals carry out their own assigned tasks. Many times members of a given silo are discouraged from crossing organizational boundaries to interact with individuals in other silos. Cross-silo communication is structured and typically must cross through the chain of command.

A closed organization has many policies and procedures dictating the way individuals within each silo and the organization as a whole will operate. The result of this invariability and determination of the organization's reality is that, on the one hand, members of the organization can rely on existing order, but on the other hand are rendered helpless if threatened by rules (Bodo, p. 6). Members of the organization become prisoner to the rules and regulations; while political infighting becomes the focus as individuals jockey for the best possible position. The closed organization offers its members a deterministic view of the ideal norms and values that regulate its members lives (Bodo, p. 6).The focus of the organization thereby becomes self-preservation over anything else.

Because individuals within a closed organization are seen with a predetermined view of responsibilities, they are rarely encouraged to stray beyond the borders of their position or departmental silo without repercussions. If we were to compare an organization to an organism, each organ has its own duties, and stands in a complementary relation to others (Bodo, p. 6). Unfortunately organizations do not act like an organism and a predetermined view of individuals very much stifles creativity and intellect.

The closed organization is often viewed through a utopic lens as it is believed there exists no conflicts between the different classes and because every member

works for the benefit of the whole organization (Bodo, p. 7). In fact, the closed organization is not always as collective in its interests as the presupposition presents. Closed organizations create a false feeling of safety and harmony but do not deliver on its idealistic philosophy of human nature. The closed philosophy argues that human knowledge is more or less free of errors and it is assumed that there is a possibility to discover the plain truth through proper research and proven knowledge (Bodo, p. 7). The closed organization creates classes within the organization and determines the roles individuals will play despite their knowledge, skills, or abilities beyond the position they are given.

Over time, closed organizations develop artificial barriers within the system that diminish the organizations throughput abilities. If permitted to continue, infighting and inefficiencies are no longer contained and will bleed out beyond the borders of the organization presenting outward dysfunction to clients and competitors alike. While proponents of a closed organization argue the natural status of the system, closed organizations are nothing of the sort. In fact, closed organizations have an intentional design, created to focus solely on an expressed mission, vision, and strategy within the confines of a business structure (Stanford, pp. 32–33). Creating artificial boundaries creates artificial results.

## Open

The state of *Open* has received a great deal of attention in the past few years. Many classically trained managers however look at the idea of an *Open Organization* and shake their heads with disapproval. For many, wrapping their minds around the state of *Openness* is counterintuitive to their years of training and experience. They begin to ask questions about how one decides to go *Open* or what should be *Open* or kept secret? An *Open Organization* is far beyond a simple structure and more of a state of organizational being. The central dilemma of participatory process (*Openness*) is clear enough: How do you get everybody in on the act and still get some action (Cleveland, 2002, p. 225)?

In this new era, the term *Open* is viewed as loaded with a rich meaning and, among other things, is associated with candor, transparency, freedom, flexibility, expansiveness, engagement, and access (Tapscott and Williams, 2008, p. 20). Wayne Elsey (2013), founder of Soles for Souls and The 501c3 University sums up the essence of an *Open Organization* as being all about the people that are involved in all roles—from the bottom to the top. An organization is *Open* because of its dependency on and continual interaction with the environment in which it resides while closed systems exist only in the world of nonliving

matter (Burke, 2002, p. 43). The simplicity of *Openness* is what many leaders stumble over. It is not just an adjective used to describe an organizational structure but a process that affects a number of important functions, including Human Resources, innovation, industry standards, and communications (Tapscott and Williams, p. 20–21). In summary, *Openness* becomes the degree to which individuals hold a broad range of interest and are imaginative, creative, and willing to consider new ideas (Daft, 2002, p. 121). The idea of being *Open* is focused on ideas and human capital rather than on process and structure.

In the context of organizational structure and leadership, an organization with *Open* tendencies believes that it is able to actively influence the market, to select between different alternatives, and to draw up plans that fulfill the stakeholders of the organization (Bodo, p. 9). Beyond influence of markets, an *Open Organization* would be an enterprise that desires to accommodate the needs of its members, treat them equally within the enterprise, and to protect them (Bodo, p. 9). The focus of an *Open Organization* is first and foremost of the members of the organization and second to the mission and task presented. The *Open Organization* is in a permanent search for knowledge, trying to improve what it has already attained with new ideas and innovations, or by organizational development and team building (Bodo, p. 10). An *Open Organization* seeks knowledge and the best possible solution for the betterment of the organization and its stakeholders while seeking to maintain the integrity of the organization's core values and mission.

## *Open* and Closed

Rather than take the view that an organization is either *Open* or closed, we discover that systems can be *Open* and closed. In fact, a system such as the human body is considered both *Open* and closed. *Open*, because it interacts with the environment in which it resides and closed because there are organs enclosed within the system that cannot be seen or touched without opening the system. Opening the human body outside of the confines of a sterile setting can be detrimental to the closed system. Organizations are similar in nature. They can be both *Open* and closed at the same time (Li, p. 18). Organizations, like the human body, are *Open* because they interact with the environment in which they reside and are closed because there are certain aspects of an organization, such as trade secrets, that are not available to their environment. Therefore, systems are both *Open* and closed—*Open* structurally and closed organizationally (Burke, p. 54). Even organizations that are normally considered command-and-control hierarchies can have elements of both *Open* and closed at the same time.

## Open Systems Theory

*Open Systems Theory* begins to offer a structure and language which can be used to explain the *Open Organization*. As noted in Chapter 1, we engage theory to help metaphorically explain what we are witnessing in the natural world. *Open Systems Theory* views organizations as highly complex entities, facing considerable uncertainties in their operations and constantly interacting with their environment (Burton, et al., 2006, p. 37). Constant interaction with the environment requires an unfettered workforce. *Open Systems Theory* changes our diagnostic focus from the individual (leader) to the system (employees) (Beitler, 2006, p. 15). The concept of an *Open System* begins to explain the interaction that the organization and its members have with their environment. An *Open System* is one that interacts with its environment; it draws input from external sources and transforms it into some form of output (Nadler and Tushman, p. 26).

The *Open System* requires new approaches to the environment in which the organization operates. Theorists and practitioners alike have previously devoted relatively little attention to the environment (Morgan, p. 38). The *Open System* view has changed all this, suggesting that we should always organize with the environment in mind (Morgan, p. 38). While focus on the environment is important, The *Open Systems Theory* is multifaceted. *Open Systems Theory* begins to also explain the intrinsic motivators of those in the system. The emerging theory helps us to recognize that individuals, groups, and even organizations have needs that must be satisfied (Morgan, p. 38).

An *Open System* in its natural state must interact with the environment to survive as it both consumes resources and exports resources to the environment (Daft, 2004, p. 14). An *Open Organization* by its very nature will seek to interact with the environment and as a result will continuously adapt to the environment (Daft, 2004, p. 14). Survival of an *Open System* is obtained through continuous interaction and adapting to the environment.

## Why an *Open Organization*?

While the concept of the *Open Organization* is an emerging field of study, *Open Systems Theory* was found to be applicable across all disciplines as it acknowledges that the environments surrounding and permeating organizations had important effects on organizational behavior and structure (Rollag, n.d.). As the landscape of employment changes, organizations must consider structures that account for decreasing numbers of full-time employees

and increasing numbers of part-time, temporary, and consultant/contract labor. This alone will have a lasting and profound effect on how organizations operate.

Transferring the application of *Open Systems Theory* to leadership and organizational design; the concept of an *Open Organization* emerges as a viable and sustainable solution to the ever-changing business landscape. While the concept of *Open Systems* has most recently been associated with the software industry (*Open Source Software or OSS*) and in research and development (*Open Innovation*); there remained up until now a lack of framework in vocabulary, processes, and developed models for which we can hold discussions and make decisions around the metaparadigm of *Openness* because of the many differing opinions on the idea (Li, p. 18). However, with the advent of OSS solutions such as Firefox, WordPress, Wikis, and the Internet, we begin to find emerging literature expresses *Open Source* as practices in production and development that promotes access to end-products and source-materials (Open Organizations).

As OSS disperses more widely, we begin to find blogs, articles, and discussions focused on the articulation of *Openness*. These resources highlight how an *OSS* enables a team to develop products and services within a diverse production model, communication methodologies, and within interactive communities (Open Organizations). What we begin to unpack is the notion that this model is transferable across industry platforms as we begin to homogenize the idea of an *Open Organization*.

To mainstream an *Open Source* solution across general industry, we must begin to understand that most of what we understood about leading and structuring organizations must change. To begin, an *Open Organization* requires all members to let go of their preconceived notions of how people operate and trust them to act responsibly (Li, p. 18). Changing human nature is not always an easy task. We find that the biggest indicator of success of an *Open System* comes from an open-mind and the leader's ability to give control over at the right time and place (Li, p. 8). This is a challenge for most leaders that are classically trained in the virtues of command-and-control systems.

The idea of the *Open Organization* may appear to be a one-size-fits-all approach to organizational design; we fully acknowledge there is no such beast. While the structure of an organization would appear to affect both the members within the organization as well as the clients it seeks to serve, even as traditional hierarchical structures of organizations receive harsher criticism, we will likely see them around for the foreseeable future (Galbraith, 2002, p. 17). However, organizations are beginning to trend away from

authoritarian management styles, separatist titles, and privileges of a multilevel hierarchy (Galbraith, 2002, p. 17). Emerging are these non-traditional *Flat* flexible organizational structures known as the *Open Organization*.

## *Open Organizations* Require Structure

Bertalanffy's *Open Systems Theory* shows that all systems have boundaries and most will agree that over time most organizations will naturally develop some form of structure (Advameg). While there remains a natural tension between *Open* and closed, an *Open Organization* in no way signifies that it is void of formal structure or leadership. In fact, an *Open Organization* very much relies on a framework on which to build and the leadership element will very much remain a central requirement of an *Open System* (Yehuda).

We now know that organizations will vary in how *Open* they are to their environments and to what extent they display a hierarchical ordering. In an *Open Organization*, leadership and structure begin to intersect and new efficiencies emerge. If done correctly, an *Open Organization* structure can be quite liberating to all those connected (Signore, 2013). The *Open Organization's* central purpose is in moving ideas to reality in the most effective way possible without delay. But more so, an *Open Organization* is the method leaders utilize to replicate themselves, build high-performing teams, expand market share, and hone their competitive edge (Signore). *Open Organizations* are emerging as the most effective method for dealing with a complex, volatile environment in which decisions have to be made quickly.

Organizational structures traditionally have become more focused on the leadership and less on the clients and the organization's purpose. It is then no surprise that traditional organizational structures by their very nature facilitate power struggles and fiefdoms. An example of such power struggle is found in organizations with a *product structure* or diversified product line (Galbraith, 2002, p. 25). Within a *product structure* or product silo, the product general managers typically want autonomy which creates duplication of efforts and missed opportunities to share in opportunities and economies of scale (Galbraith, 2002, p. 26). In this setting we rarely find general managers that share information, resources, and clients across product lines. Customers create challenges within a *product structure* in that they have come to expect direct relationships with their manufacturing sources and reject centralized relationships (Galbraith, 2002, p. 27). The inefficiencies of a structure such as this becomes obvious to the outside world. The danger is in building higher

levels of frustration among clients that have to deal with multiple contacts at a given company because the internal politics does not allow for such.

The structure of an organization also has an effect on the employees. For example, flexible organizations require cross-functional teams with individuals who are generalist and are able to cooperate with one another (Galbraith, 2002, p. 13). *Open Organizations* require a greater emphasis on hiring skilled labor that is capable and willing to work in a rapidly changing environment. Because of the emerging market forces and demographics, traditional hierarchical structures are becoming flatter and consideration of the structural design of an organization is placed on specialization, shape, distribution of power, and departmentalization and its impact on the leaders, followers, and clients (Galbraith, 2002, pp. 17–18). Traditional hierarchies are emerging ill-prepared for the realities of a twenty-first century marketplace. They must begin to embrace those virtues that will best help them survive a flatter world.

The classically trained leader appears endeared to the more centralized systems of control. Because the traditional centralized system has a clear leader who is in charge and there is a specific location where decisions are made, this becomes a challenge for the classically trained leader who observes decentralized *Open Systems* as having no clear leader, structure, or central location (Brafman and Beckstrom, p. 19). In fact, many classically trained leaders reject the idea of an *Open Organization* as being a centrifuge of chaos. The challenge is in helping the classically trained leader see the great benefits of an *Open Organization*. When a decentralized system is attacked it becomes more decentralized and more difficult to stop (Brafman and Beckstrom, p. 21). The best example of a decentralized system under attack is that of the Minutemen during The American Revolutionary War. The British Red Coats conducted warfare in the classically trained format, lining up in formation in the open. The Minutemen were disbursed and more difficult to detect. Because the Minutemen were decentralized they were much harder to attack and capture and thus one of the main reasons the Colonists were able to take on the best military in the world at that time.

The decentralized system is not necessarily better at making decisions. It is however more able to respond quickly to changing conditions because all members are given access to knowledge and are able to make decisions (Brafman and Beckstrom, p. 39). The Minutemen were clearly able to overcome the Red Coats, not necessarily by cunning intelligence insomuch as they leveraged their power of decentralization to overcome their enemy. The emerging market of the future requires this same level of dispersion and agility to meet the challenges ahead.

Humans are creatures of habit. We seek out those things that create the path of least resistance. Centralized organizations have been the norm simply because individuals naturally gravitate toward a tribe mentality that connects them through a common leader and/or idea (Godin, 2008, p. 1). While it is nice to think that someone will take care of you, what this mentality creates is a community reliant on one person to make decisions for them. Over time, systems, such as the centralized organization, no longer are able to support people, but rather take the lead over them commanding more attention than the human capital that supports it (de Bree and de Wiel, 2011). The Red Coats were rigid and followed a central command-and-control methodology of warfare. We are beginning to discover that decentralized organizations have a better chance of surviving and more effectively adapting to culture, shifting business climates, and increasing competitiveness because it is autonomous and is more agile in its ability to react to changing conditions (Brafman and Beckstrom, pp. 48–49). Traditional organizations that are slow to adopt attributes of *Open* will find a formidable opponent in the marketplace.

Those who moderate traditional structures persist in trying to adapt the world to their organization rather than adapting their organization to the world (Handy, p. 4). As the Red Coats discovered, this worldview is no longer sustainable. A traditional organization creates a comfort and predictability that ensures that control is maintained (Handy, p. 10). However, in times of complexity and rapid change, slow and steady is no longer an option. Traditionally, leaders tend to think of organizations in terms of their structure, such as an organization chart which creates a narrowing focus that may overlook alignment issues amongst other things (Stanford, p. 20). The new reality is that the kind of work being produced is radically different from the routine work of the Taylorian organizations of the past (de Bree and de Weil). *Taylorism* focuses on formal processes which creates false efficiencies. When we use false indicators in our decision-making process, we create a system of lag-thinking. Lag-thinking is nothing more than using information about things that have already happened to make decisions about things that will happen. We do this when we engage financials and other organizational metrics. Traditional organizations lag in their ability to keep up as organizations must more rapidly adapt themselves in order to survive and can no longer be organized around predictability and liner processes (de Bree and de Weil).

Non-traditional organizations, however, tend to focus on the here and now to anticipate the "what's next" in a highly volatile setting. Non-traditional organizations are now considered more flexible as they introduce situational organizing and destroy bureaucratic red tape (Galbraith, 2002, p. 13; de Bree

and de Weil). Situational organizing creates a level of ambiguity that cannot be prepared for in advance. Regardless of the design, these more flexible non-traditional structures will become our contemporary traditional styles of organizational design. Non-traditional organizations are typically those that espouse people as assets, requiring maintenance, love, and investment rather than costs to be reduced wherever and whenever possible (Handy, p. 24). The management in a non-traditional organization is situational and self-governed rather than the role of a select few. While there is freedom of self-management it is not without responsibility. Once there is a commitment to a project, it is important for the individual to maintain their commitment, live up to their appointments, and deliver output and reach their deadlines (de Bree and de Weil).

An *Open Organization* will not only maintain a structure but it will also utilize a set of standards called a *Governance*. The *Governance* is the mechanism that creates the formal structure of an otherwise assumed structureless system. The *Governance* may contain few formal rules, but those rules are rock solid and easily understood. The *Governance* formally dictates how leadership engages the workers and how workers engage their work. The leader is not without a role in the organization. An *Open Organization* in no way abdicates the role of leadership within the organization. The *Open Organization* is arguably an echo of Peter Drucker's *Decentralized Authority Model* (1946), Robert Greenleaf's *Servant Leader Model* (1970), and Tom Peter's *Employee-led Teams Model* (1982) (Yehuda).

The structure of most traditional business models are typically made by a few individuals at the top of the hierarchy. Like the Red Coats, decisions in a formal structure are typically slow moving and bureaucratically regulated. Individuals within the organizations are un-accountable, knowledge is hoarded, and there is likely to be some kind of abuse of power (Open Organizations). Counter to the traditional organizational mode, *Open Organizations* typically rely on trust and the free flow of ideas and information amongst the members within the confines of the organizational structure and *Governance*. In an *Open Organization* structure, decisions are rarely made by the leader alone. The essence of *Open* relies heavily on decisions being made at all levels of the organization. The free flow of ideas encourages the ability for members to creatively solve problems that will arise in the course of a business cycle (Simoes-Brown, 2009, p. 51). This creativity may even result in the *Open System* developing a flow of ideas and information between the organization and its clients. Such creativity will require all members of the system to suspend judgment and allow for new ideas and opinions to be expressed (Simoes-Brown, p. 51). The result of a free, unencumbered sharing of ideas allows for unconventional and innovative approaches to develop and grow (Simoes-Brown, p. 51).

## Open Source

The idea of the *Open Organization* has its birthing in the high-tech industries. It borrows from *Open Systems Theory* and was founded in the 1960s on collectivist ideals and in reaction to behemoth corporate software programs like the UNIX computer operating system (Hayes, 2008, p. 126). *Open Source* was designed to create efficiencies in complex environments. What evolved was an idea in which people volunteer to work on projects for the public good (Goldman and Gabriel, 2005, p. 15). More than that, *Open Source* is a philosophy which holds that knowledge should be shared and work improves with collective effort (Hayes, p. 126–127).

The term *Open Source* was originally created in 1998 and has come to mean many things: a type of software license, an approach to software development, a type of community, and a type of business model (O'Mahony, p. 140). Moreover the idea of *Open Source* has evolved to describe a cultural approach to how an organization operates. *Open Source* organizations are self-organized groups that work together for a common cause or outcome. Despite its "*Open*" nature, *Open Source* communities adhere to strict quality control mechanisms (Aitken, et al., 2003, p. 1). *Open Source* communities are typically connected through technology and are governed by consensus. *Open Source* is a philosophical movement that moves far beyond a given industry silo. Proponents of the *Open Source Model* value transparency for its own sake, not simply because opening up the development process to outsiders happens to produce better code, but because of the efficacy of the *Open Source Model* that drives organizations to adopt it as a way to save money and develop better products (Howe, p. 54).

What makes *Open Source Models* so efficient is the ability for larger numbers of people to contribute and come up with better solutions than the most talented, specialized workforce (Howe, p. 54). *Open Source Models* depend on economies of scale in which information and processes are shared equally by all members of the organization.