

350+ Met application developers, what did you learn?

350+ face-to-face digitization experts during the past 2.5 years. Really interesting discussions, with which you could spend a longer time on vacation. The change in work is clearly visible and responding to them is sometimes challenging. However, we are on the right path from the main line, with a completely unique ownership model as a distinguishing factor, which brings fairness to the market on a concrete level.

Our customers also benefit greatly from this.

I haven't tabulated the findings, but despite that, certain themes come up again and again, and if the findings should be summarized in my opinion, the list would look like this (in no order):

"Freedom to do things well" > pushing too much, causes frustration at work.

An interesting / meaningful project > it's just great to be able to change the world for the better!

Fair treatment, transparency > it goes without saying that it is of interest, responsibility and commitment are offered in return

Competence development/maintenance > technologies change at such a rate that it is better to stay on top of the wave

Culture, values > which piece of paper do I sign my name, who do I represent, what kind of values do I represent?

Other things such as employment benefits, flexibility and a capable team are also important, but they are generally okay with everyone.

Sure, the sample is small if you look at the whole, but it's quite clear that these same topics come up again and again.

In Finland today, around 40% of the entire workforce is also in expert work, I have also talked to people in other fields and many people have the same kind of wishes, especially "Freedom to do things well with a small team" is a REALLY highly valued factor in terms of having fun at work. So I dare to say that the list could also be used in other industries.

Stackoverflow's 2018 research list of work priorities does not differ much from the one above if you take into account that consulting brings with it its own twist for needs.

Any comments? 😊

Industry 4.0, two big questions in the digital age.

Artificial intelligence and machine learning are not decisive at the moment. In the big picture, two questions are more important, how to promote solutions that cut across industries, which are the real IT, also the ones that increase the efficiency of society? and secondly, who will have time to harness the data?

I came across a Forbes publication on the subject (Industry 4.0 | From Analysis To Action: Are Companies Doing Enough?) and a deeper article

Deloitte's research on the subject (The Industry 4.0 paradox: Overcoming disconnects on the path to digital transformation). Without further repeating their observations, I think...

The first question: How do we promote cross-industry solutions?

A simple case example: Why don't the company's receipts go digital directly to the financial administration when it would be a really pleasant innovation for the end user / requires relatively little code? In addition, at the level of society, quite a large slice of the workload would be removed when the monthly receipt drum with checking accounts was removed, I think the taxman would also appreciate it.

Problem: There is no business case for this where the decision-making parties of the ecosystem would win all. In between there is at least a payment terminal, a bank (/credit card company), financial management software, etc. to make the function, the cooperation of these three would be needed, and who would pay for the development? The development step lacks economic interest, even if it serves society as a whole.

Solution: I think that this type of cross-sector solutions would need state-level guidance, maybe it's time to appoint a separate ministry for digitization in the government, whose task is to promote digitalization between industries? Another option is to wait for someone to model a business case for the solution that benefits all parties and that makes belonging to different ecosystems a life condition. Startups are not the solution to this, one more actor does not solve the business case problem.

Another question: Who has time to harness the data?

According to the PDP Loop mentioned in the article, the so-called In the Digital-Digital phase, i.e. old digital services are replaced by new ones, i.e. huge amounts of data accumulate all the time in addition to the old. Data is known to be important.

Problem: Research done on intact data costs a lot with no guarantee that it will be worthwhile, although it will probably pay for itself. A difficult equation because direct ROI cannot be calculated.

Solution: Are a couple of quotes from the article enough? "Just over half of respondents rated themselves as capable of using data to make decisions in real time, while 45 percent said that they don't currently have that Capability (but are building it)." AND "More than 60 percent of executives reported that using Insights from data to inform decision making in real-time has led to significant ROI." So that's how it goes, get the ability - boldly invest upfront in data analysis, of course invest in the quality of the data before use. Maybe artificial intelligence and machine learning can be used for this at some level.

What do others think about these two areas of the digital age? I personally think that the balance of different industries and players can change strongly in the near future. Depending on who has the courage to make moves in these two categories.

Personally, I would hope that, in the wake of climate change, a digitalization strategy that makes sense from the point of view of society would also be considered in the political debate - let it mean one's own

ministry and additional expenses, I claim that there are low-hanging fruits to be collected.

### Humanity in the organization

In the early 1990s, he was just a child or maybe a teenager.

The city had been under siege for a long time. His job was to fetch food for the family from the other side of town every day. The journey was life-threatening. A few dollars were hidden in his sock and a gun was put in his hand for the thieves. Western countries had avoided intervening in the Yugoslav crisis. Other countries had turned their eyes elsewhere. His favorite toy was a small car, it was a copy of a German Porsche. It always went with him and one hand was in his coat pocket.

More than 10 years later, I was sitting in the lobby of Nokia when he appeared in front of me. Tuomas, thank you in advance for this meeting. If I get this chance, I will not betray your trust. It was Nokia's golden age. At that time, experts from several countries applied to Nokia's ecosystem. Nokia was the leading technology/mobile phone company in the world. I didn't know anything about his background, but his attitude and desire convinced me and recruited the superiors. I didn't get to hear his story until much later. He had turned out to be a top class recruit. During some small Christmases, we happened upon a suitable table. In telling the story, he showed that he was a human being, not a top recruit but a human being with his own story. We all have one if we want to tell our story. I didn't know much about that kind of world in the 1990s, but I knew how to listen to him, after all I had heard the stories of my previous generations about our country's war. The moment was short, but very memorable.

Later in 2007, on a Saturday, I walked along the edge of Kaivopuisto.

When I suddenly heard a shout, Tuomas, come here! She was standing in the park that sunny day with her little son. That spread is right near that one ice cream stand and Ursula. He smiled and was visibly happy to meet us. Thomas, this is my son. I saw a father's pride in his eyes, my son and my wife. Here is my friend. Look, I've bought a used Porsche and we're off for a drive. Look, my son fits just right in that back seat and my wife right next to me. I remembered the story he told right then and there. I was moved by the situation.

We pulled the upper stakes. We understood the special nature of the situation. I can guarantee that it wasn't about the matter, the Porsche. It was about something else entirely.

I have one performance where I remember these. What does this memoir tell you about motivation? Out of gratitude? Appreciation?

The skill of listening? About man and man's humanity?

How could we in our communities see each other more deeply? Even more broadly, what does this say about Europe? It is a part of technological development that things take time. Leaps are followed by setbacks, when new surprises are encountered along the way.

Not the least of the surprises is that the public is not always ready for what technology and innovations are about. This happened, for example, to online shopping, which was technically possible already at the beginning of the 21st century - at that time the world was not yet ready for such a big change.

Looking back, the speed of change often surprises, while in the moment itself, its slowness hurts.

Now, however, it seems that the speed of the development of artificial intelligence has also surprised the players in the field. After all, it's only been a few years since artificial intelligence was talked about mostly within the industry, while at the moment every second streetwalker seems to have tested the abilities of artificial intelligence.

However, it is a different matter what kind of exciting things artificial intelligence can conjure up, than what kind of business benefits artificial intelligence can produce for companies.

AI tools are already here. It is already clear that the abilities produced by artificial intelligence offer many opportunities for improving productivity. Take a look at the demos here <https://www.cursor.so/>.

The results are encouraging, although the business innovations themselves are not revolutionary yet.

Our industry has been developing in its productivity for decades. Development is evolving – currently, productivity is growing faster than ever.

We have been testing the latest tools together with our customers for almost nine months, because their utilization also requires time investments from human capital - i.e. skill development.

Experts in the field should at the latest invest in studying AI tools, think about their own work role and understand that although artificial intelligence is already showing its potential, its real development may require a development arc similar to that of online shopping. Development hardly takes a couple of decades, like with online shopping - the world is in many ways more ready and faster than then.

Although the industry's attention is now focused on artificial intelligence, the IT wizard's old project triangle should not be forgotten. The project triangle is still relevant, as artificial intelligence can once again improve quality, reduce costs and speed up the introduction of new features to the market. The best part is that all of this can be accomplished with a smaller team. It is also worth paying attention to the team's versatility.

I believe that design expertise will become an even bigger bottleneck. The bottleneck arises from the management of product development, and therefore product owners become even more important. The importance of architectures is emphasized and simple finished products are replaced by AI solutions.

Bottlenecks arise that people have to solve. It is also crucial how the bottlenecks are resolved on the way from infra to the cloud.

The amount of code is increasing, which requires the ability to optimize. Digital development is

in a few years, 3–4 times greater than air traffic with its emissions. Therefore, responsibility discussion and actions are needed in the industry. Artificial intelligence also has a very strong impact on current maintenance, information security and regulation.

Artificial intelligence and its rapid development have therefore surprised many, partly including the magician himself – there is a lot of work to be done quickly in the field, so that AI does not surprise us with our pants down.

I would be enthusiastic about the development, just like the previous development arcs of our industry, because AI brings interesting opportunities at least in the areas of process automation, integrations, maintenance and of course application development. The change is not visible right away, because the tools and technologies are still incomplete and the organizations' readiness for change is still thin. However, the pace of development is fast.

It is good for the Finnish IT sector to start investing in competence development, rediscovering people's work roles and updating organizational structures. At the same time, this development work must be done responsibly and without control, with long-term productivity improvement in mind - keeping good old principles such as the perspective of the project triangle. In this way, the magician renews his program so that the client and the client's clients remain in the audience.

Why did we establish an ecosystem of service companies?

There has been a lot of talk about ecosystems in the Finnish IT field recently. We are not satisfied with talking, we have founded one. We believe in an ecosystem-like structure, the advantage of which boils down to two things.

Experts want to work in a small company.  
Customers want to buy services from a reliable operator comprehensively.

Experts want to know their colleagues  
The competition for experienced professionals is fierce, and the experts' demands on service companies are growing all the time. Many of the best talent want to become entrepreneurs and be able to decide about their workplace and benefit from the company's success. However, they also want to work in a human-sized company where co-workers and their strengths are known.

From the beginning of our company, we have believed in humanity and wanted to build a working life where the principle of justice brings fairer growth to both our customers and our shareholders. The same core value is still at the center and we believe in it in the future as well.

Our unique company structure based on joint ownership has shown over the years that fairness brings experienced professionals together as a genuine team, which can do better in the international competition than individual-oriented performance.

Our ecosystem has grown strongly to a group of 130 experienced (average years of experience more than 15) experts. Growth strengthens our belief that we are on the right path. The best experts in the field want to work in small-scale companies and learn from their experienced colleagues at the same time.

Customers don't have time to search for an endless number of partners. In product business, ecosystem structures have proven their functionality for a long time. An example of this is car manufacturing, where the components produced by different operators together form a functional final product. By acting as an ecosystem, smaller, fast and tightly focused actors also have the prerequisites to generate new innovations quickly. We believe that the entire service company market is also moving towards an ecosystem structure.

It is important for service companies and ecosystems in particular to offer a customer experience that is better than competitors operating with a traditional model. When the seller of the service knows his co-workers, the best expert for the job is sure to be found. If expertise is sought from among hundreds of factors, the risk of hasty shots increases.

However, the customer does not want to look for a different partner for each issue and complicate his own work. That's why it's important to be able to serve customers as an ecosystem. Together, the customer experience and offering can be developed to better serve customers.

In order to succeed, the company must succeed in both the customer and expert markets. A small grain size and an ecosystem operating on a common value base together enable the emergence of new breakthroughs.

Together with Luoto Company, Vuolu's NorthCode and , Spark Software, Asteroid, we form an ecosystem where our customers are served by more than 130 experienced professionals. As a foundation and a factor that unites the ecosystem, we share the same value base and ownership model.

Six years ago, everything was just an idea. What is in store for us at the beginning of 2022?

Posted on 13.01.2022 by Lauri Nousiainen

Luoto Company was founded before people, as in fact many others declare. For us, it meant a new type of vision of the value base, translated into practice. We also wanted to make very few assumptions on behalf of the authors, so we started our own journey with market research at the beginning of 2016, during the part aimed at authors, we listened closely to approx. 50 experienced experts from two different angles

Why did you choose your current job?

What if consulting had a jointly owned company structure?

The discussions were of course more extensive, but the final results of the study emphasized the importance of freedom and responsibility, all of them

couldn't directly say about ownership, but a significant third strongly rejected the idea. We didn't know what it would lead to in practice, especially when it came down to concrete employment contracts. At the end of 2016, labor legislation, tax legislation, limited liability company law were waded through and legal professionals were interviewed. Once the shape of the structure was clear, we decided to jump into the empty square in 2017.

Often companies list several values, for us one was enough, justice. It would affect both creators and customers, and there is enough work in itself to bring it to fruition. From the start until now, we have met more than 800 experts with different backgrounds in our recruitment work. Today, we are a versatile digitalization service company employing more than 100 people, whose meaningful mission also emphasizes the change of Finnish working life to a fairer one. In recruiting, in addition to technical skills, we have been seriously looking for good people who commit to the value base and feel passion for software development.

Regarding the factors valued by the authors from the entire recruitment period, it can still be stated that things have not changed much during these years, in our industry it is still broadly the following issues,

Interesting and meaningful projects

The freedom (and responsibility) to give your best in a team

Development and maintenance of skills (broadly including mental growth and well-being)

Pay and fair treatment

Elements of corporate culture, including value base, who are we?

The core of the corporate culture of the 2020s?

Clinging to the culture that preceded the companies in the market. On the subject, it is interesting to note that in recent public discussions, e.g. Visible parts of the culture of the 2010s with their employers' ideas, have the point of law been reached, people in our industry at least don't need clubs, offices, events and entertainment, right?

For us, the visible part of culture has already had many perspectives, e.g. consulting vs. product house, senior vs. junior, free time vs. working time. For example, when consulting from the corner of the office, work is often done close to the customer, while the product house has a different need. For more experienced people, family is emphasized, while networking is important for those starting a working career. In addition, a good reflection is that where is the line between organizing a program for free time and working time, should we ask here what is really needed?

Would people be willing to trade the visible parts of the culture for a higher salary?

In our opinion, there is, of course, no single truth that suits everyone in the whole cultural debate. We also wanted to make a new alternative ourselves without significant investment in culture, especially by the management. For us, modern corporate culture is all about the upper level, e.g. relevance, societal

influence, of course, also fairness and responsibility speak volumes for the authors. The company should have a meaning other than money and fun, in our opinion, that is what the culture of the 2020s is all about.

Luoto's culture emphasizes e.g. customer experience, competence development, justice (incl. social impact), well-being, freedom and responsibility. On the other hand, we also have common activities, but they are organized with people first, without central control.

Being self-guided, they are also more authentic, examples from last year, e.g. one group went to Lapland for remote work, a couple of others piloted different services in the theme of well-being from Hintsala to Fibaco. Some have also organized a joint leisure program with the project teams.

Throughout Luoto's history, we have had time to try a lot of different things, and the experimental culture will continue in 2022 as well.

We learn something from each of these and the community always goes one step forward, people first.

Something about our human-centered culture of justice is also said by the fact that during all these years, so far only 2 of us have moved on to new challenges, Kalle and Turkka, who after a long consulting career were more interested in founding/participating in a product startup and new roles with the business. We are proud of both alumni, from one angle we have also considered our mission as a 'springboard' provider for future new entrepreneurs, so maybe from this angle we could say we have succeeded 100%.



What do we have now at the beginning of 2022?

Social conditions aside, we are doing really well, we have remained fit for work, the spirit is good, the customers are satisfied, the business is doing well and we have proven (also to ourselves) the ability to renew. Finally, e.g. the renewal of the website and look has been a big joint effort, which is backed by a large number of the entire partner team, as well as the excellent partners Booming and Drum.

Of course, behind the pages there is also a lot of new content, e.g. successes with customers and in implementing the whole model.

With the pages, our mission as an advocate for a fair working life takes a big leap when we openly published our model for the first time. It's nice to see where it leads when applied or at least in discussions. The model has several socially debatable topics, from salary transparency to international labor market competition.

In addition, during this autumn we have been building the future of the ecosystem at a high speed, about which we will surely hear more soon!  
So we're feeling really good right now. This is a good time to aim for 2022!

Fairness for application development customers

I wrote the first text a moment ago about the perspectives of the new information work, for its heroes, i.e. information workers. Here



in the article we move to the point of view of the customer who buys services - how do we serve our customer fairly?

Luoto Company is looking for customers buying application development. Below I present a few factors whose effects on the productivity and quality of application development are enormous.

Commitment to taking care of the customer experience

The business model or sales process can lead to the turnover of knowledge workers, unclear deliveries and distance of implementers from the service promise. In new age expert-led service companies, everything happens before the experts, whereby each service promise is committed through three points: a)

I am the customer experience b) I own the customer promise made c) I give the customer freedom in determining the price/value. The knowledge worker of the new age is the biggest owner of his work community, the results belong to the redeemer of the customer promise. Through this(too), he is extremely interested in customer satisfaction, work productivity.

The self-made commitment and service promise increases our productivity significantly. The experience is also fair to the customer.

Customer experience is also managed with a business model

The industry has been trying to build outcome-based pricing for a long time, building and interpreting metrics has proven to be challenging. The time has come to state that the customer can decide the price subjectively, based on the perceived value. Our pricing is based on a starting point considered together with the customer. The change comes at the time of completion of the delivery, at this point the customer can strongly influence the pricing of the end result based on his subjective quality experience, without the blurring of contracts.

It is fair that the customer decides the price based on his service experience.

Why is this important? Quality is created in a team, as a result of continuous development and motivation. This is supported by the fact that Luoto Company's business model is tied in such a way that it leads to results and customer satisfaction, to completion. All professionals who have been in the business for a long time know that results are born from the desire to see the end result.

The model also guides to improve one of the biggest challenges in application development. Communication. A good journalist is responsible for communication.

The supplier must transparently communicate its quality, we can achieve this e.g. by being close to the customer's teams and by simplifying statuses, demos, etc. at the end of the week.

The business model should encourage the best communication, this is in the interest of the customer and the application developer.

Why is this possible? Highly competent people know that they can achieve their goals, especially when they work in a work community that values them and motivates them fairly.

The focus of the service is the turnaround time

Digitization in its simplicity is time saving, and of course also entertainment value. This is also the case in practice, speed and ability to solve problems is a diamond service. Today, several Finnish organizations already have many good ideas for promoting digitalization.

According to our market test, many struggle with the quality of implementation and the turnaround time. Top class "dream team"-implementers are badly needed.

We don't think we are effective because we know agile methods or devops. We know from long experience that their effect is a fraction of the whole. From the point of view of the turnaround time, what is decisive is the team's level of competence, commitment, motivation for the task in question, daily close management, control of dependencies and the experience that success, doing things to the end, is important to him (see fairness for the knowledge worker).

In application development services, speed and decision-making ability is a diamond. So let's monitor the turnaround time, just as our customers' customers monitor when doing business, e.g. in online services.

In my next article, I will discuss the productivity of application development from these essential points of view:

The effects of high competence and team orientation on productivity

Dependency management as a decisive factor in productivity

Why are project roles a challenge in application development? The roles of the multi-skilled team members should be named solver 1, 2, 3 and 4.

Customer experience is managed daily, the most important decisions are made immediately

Finally.... In this blog series, I purposely avoid going into tools, productization, open source, business/ understanding the end customer, (code) robotics, 80/20 rules and nimble methods. We assume these things are important anyway, a self-evident part of our service experience.

Attracting talented people requires structures that value them  
What better way for an employer to show its commitment to employees than to give them ownership and, with it, shared decision-making power?

16/12/2022 2:00

MINNA HELLE and Liisa Jaakonsaari demand (HS Guest pencil 10.12.)

A profound change of attitude in Finland in order to increase work-related immigration. According to them, "several different industries will need tens of thousands of new experts in the future".

I agree that the skills shortage cannot be solved by just one

in action. However, I present one new perspective to the palette of solutions. Would it be possible to influence work-related immigration by reforming the corporate structures of service companies?

WHEN there is a shortage of workers, the laws of supply and demand apply. Employees can choose which company they want to work for. This is especially the case in service companies that are heavily dependent on human work. Businesses must genuinely be an attractive option. It has been proven that the salary is only binding for a short time, until someone waves a thicker wad of bills in front of the employee's nose.

There are different things behind the skills shortage in different professions. For example, one of the reasons for the personnel shortage in the cleaning industry is that the industry is often perceived as an intermediate stage on the way to a "better" job. But there are also common denominators in companies suffering from a shortage of employees. With a few exceptions, these are installers, repairmen, drivers and cleaners, i.e. sectors where traditionally the employee has very little influence.

From the employee's point of view, the problem in many industries suffering from staff shortages is that the employee is expected to commit to their employer - but not the other way around. The employee may feel that he is an insignificant cog as part of the machinery, without a say, let alone decision-making power. What better way for an employer to show its commitment to employees than to give them ownership and, with it, shared decision-making power?

Many feel that they are an insignificant cog in the machine. At US, the staff owns 80 percent of the company and thus makes all the decisions. We strongly believe that the model is also suitable outside the IT industry. In our experience, it increases engagement - our turnover has been minimal. And it also leads to better decisions. Who would make smarter decisions for the customer than the people who do customer work? If the company's most important process to be managed is customer experience, it should be put in the hands of the personnel. With this thinking, we have also brought several returnees from Silicon Valley back to Finland.

If companies suffering from a shortage of employees want to genuinely and permanently solve the employment problems in the industry, they must delve into the structural issues. The ownership structure is one of them.

It would be great if service companies with a new structure were born in our country, for example companies in the cleaning, restaurant, welfare and care industry, where personnel would participate in decision-making about the development of operations.

The paradigms of the customer and the service company have changed.

For more than 20 years, I have watched with joy how digital assets have risen to the core of all business operations. In this time as well

the capabilities and purchasing of service companies' (and technology partners') customers have evolved enormously - we should talk about this more.

Customers always want to develop their own abilities further.

They also always know exactly where they need help.

In the 2010s, new-age service companies used to make agile solutions for their customers with their own culture and team. This paradigm has changed.

The service company of the 2020s knows how to connect with the customer. The solutions are built so that in addition to the final results of the service, the customer's own abilities also grow. The solutions are built in such a way that the period after strong development is also understood. Metrics and goals change. The service company must know where it is most productive and where the ecosystem network structure can help the customer and when the customer's own abilities are needed.

Smaller and more precise customization of services is a great opportunity. The structure of the service company of the 2020s includes highly motivated know-how and a genuine commitment to the aforementioned productivity. Productivity is increased, for example, by a joint team, low turnover of know-how, multi-skills and automation of routine tasks.

We have worked on a 10-point list about the change in the paradigms of the customer and the service company. We are sparring these forward with our entire team - this is also one of the paradigm changes in the service company.

In achieving service innovations, as in the entire service production, the innovation capacity of the personnel is of decisive importance.

Customer decision maker, contact us if you want to spar on the topic: What is a good partner like? How do we develop our knowledge capital together?

Fairer growth

For many companies, it is: grow or die. That idea encourages company owners to focus on growth. Our philosophy is: the purpose of the owners' activities is to produce good. It makes us always think about things in terms of what is fair, just and produces good in many ways other than euros. And above all: good is produced for the entire company, our customers and, hopefully, for the wider society as well.

For us, good means equal decision-making, freedom to influence how one wants to organize one's work and fair sharing of work results. The client provides the framework for our work, not the employer.

That's why we all have shareholders.

Growth and producing good are not in conflict

Has this fairer way of thinking prevented us from growing? No, on the contrary. Luoto's turnover grew by 1000 percent in 2018 and by 150 percent last year as well. We were just rewarded for this growth in Kauppalehti's Growers competition. It's a great honor, thank you for that. We are especially proud that as a service company we have been able to achieve such growth numbers, because our growth can

happen only and only through satisfied customers. We sell the know-how of our experts, and it is clearly appreciated.

So our theory works in practice! Sharing ownership with the staff pays off: It breeds satisfied customers, it breeds satisfied personnel, and it breeds growth. So for us, growth is not a goal, but rather a consequence of doing things right.

There is a big difference in whether there is a company owner or an employee who "just works here".

For us, growing fairly means growing fairly in all its meanings.

The goal is a company that has no employees

We are approaching a world where traditional career development or remuneration models are not enough to attract the best experts in the field to companies. Service companies have to rethink their operating model from the perspective of employee experience and knowledge capital, which guide the operating model towards a fairer working life.

One where the power and responsibility in the company lies with the employees - or the owners, as in the case of Luoto.

Luoto Company was founded in 2017 based on a new ownership model. In Luoto, 80% of the shares are in the hands of experts. In Luoto's model, all employees are equal partners and all important decisions are made together, by voting. Luoto's model was created to respond to a changing market, where competition is increasingly based on the open enterprise model. For a small or medium-sized software house, scaling a high customer experience is very difficult in this talent market, that's why we have decided to stop growing with traditional means. Instead, Luoto aims for new growth through the ecosystem model.

For a long time, there was a trend in the IT industry where companies tried to grow as large as possible. According to Luoto's experience, experts prefer to work in smaller companies and teams. There are advantages to staying small; The small size helps with transparency, skill development, finding one's own identity and enables operating methods based on joint ownership and decision-making.

At the same time, creating an ecosystem also has its clear advantages. For customers, the model appears as a broad service portfolio, and on the other hand, the companies in the ecosystem get the scale advantages of the partner network, while the organization and operating methods of each company remain simple. The ecosystem model enables at the same time to remain small and to grow fast and scalable.

The ecosystem model also gives the opportunity to specialize and be on your own

the best in the market in its service. However, building a functioning ecosystem requires significant investments in growth, both on an intellectual level and concretely through capital.

How is a successful ecosystem built?

So far, the ecosystems and networks created in Finland have remained rather weak due to insufficient investment in their development and construction. Building an ecosystem should be seen as an investment, the benefits of which will come later, in the longer term. The idea that someone could build a network or an ecosystem alongside their own work is simply not possible.

According to my own experience, building an ecosystem model requires, first of all, a strategic decision that building the ecosystem is at the top of the strategic priorities, and that both capital and the company's best people are invested in it.

The first thing to do is to invest in being able to guarantee to people in paid work that their departure as an entrepreneur will not weaken their current position significantly, i.e. there must be loan capital to be able to immediately invest in the salary costs of skilled people.

The ecosystem must be based on complete information transparency. From the beginning, and actually from the early days of Luoto, we have invested in 100% transparency of the operation, because our goal has been to share all information related to the company among its owners. This has meant learning income statements and balance sheets, side costs of the company and other financial key figures for technology experts. We regularly review the customer experience, market position, brand value and matters affecting the company's valuation with the owners. This creates a completely different atmosphere in the company, which is ultimately reflected in our customer experience.

The most important process of a service company is the process of customer experience management, which must be managed from the front. We want to create a single point of contact for customers, regardless of which company in the ecosystem opens the customership and cooperation relationship with the customer. However, one contract enables the utilization of all services of the ecosystem. From the point of view of the success of the ecosystem, it is essential that internal information and communication move constantly and that we regularly share examples of joint successes.

We have not wanted a traditional master-slave ecosystem, but it was important to us that the companies are autonomous and continue to make their own decisions. In these companies, the decision-making power rests with the entrepreneurs. From the point of view of the management model, it was important for us that the 20/80 ownership ratio distribution is the same in all companies in the ecosystem, so that the companies do not start competing with each other for experts. We are aware that we are building a unique and new type of ecosystem model on a Finnish scale, the likes of which has not been tried before.

The ecosystem cannot function without transparency

The Head of Ecosystem is responsible for the joint organization of ecosystem management, who compiles his own strategy for the ecosystem so that its elements are sufficiently simple and suitable for all companies. In addition to weekly and monthly meetings, the task also includes comprehensive communication within the ecosystem.

We consider internal communication and its quality to be a competitive advantage, which can be seen not only in exceptionally open communication, but also clearly in our own use of time. A third of my monthly working time now goes to communication, and if necessary, I am ready to invest more in it.

Internal communication and 100% transparency of operations is what separates the ecosystem from the profit unit model of a traditional organization. In our working career, we have seen how information creates power and how information is used for personal gain. It is typical for many traditional cooperation relationships that in the beginning there is a lot of communication and we are in close contact, but after six months the communication decreases. We have deliberately turned this upside down, and on the contrary, we aim to increase the amount of information and joint communication from day one. Since information is power, it is necessary to invest heavily in its production and movement. Some of the companies in the ecosystem are currently in the same offices, which makes this work much easier.

Another thing we systematically invest in is 100% transparency of financial information and reporting. All members of the work community have access to the financial system, for which we have created concrete dashboards, through which everyone can monitor the company's situation. In addition to this, Luoto's COO and CFO constantly spar with other ecosystem companies in building and developing the model.

Conversely, if another company develops a working model or structure, it can also be used by Luoto and other ecosystem companies. In addition to competence, we also scale market understanding, information and best operating models.

The ecosystem also requires spiritual growth from the entrepreneur

At the same time, the companies in the ecosystem are partially dependent on each other

competitors that we don't even try to curb. The ecosystem model does not work if it is based on the pursuit of self-interest. You have to be able to share what you have and trust that the final result achieved together is many times greater than what a single company could achieve alone. The whole ecosystem is based on this idea. At the moment, our ecosystem practically divides the forces between 14 sellers, these companies alone would not be able to invest in sales so drastically, but the ecosystem model enables the scaling of sales and thereby its leverage effect.

As an entrepreneur, you often get caught up in your own share of ownership and whether it is 51 or 100%. This model shows that you can be significantly more satisfied and happy with a much smaller share of ownership when you don't have to control everything, but the decision-making is centralized and all the employees of the company are also owners of the company. We have successfully created and implemented this model in Luodo for five years. The company's goals have nothing to do with the individual, everyone has the same salary and at the end of the year, when the company has made a profit, it is shared equally with everyone.

We are currently running the same model at the ecosystem level, which is challenging and inspiring at the same time. I believe that we have succeeded in building such a model through financial transparency, sales cooperation and a management model together with the companies of the ecosystem, where there is a big threshold to go into partial optimization. This is a community where others contribute to your success as well, which requires the ability to act unselfishly.

Our mission is the idea that all companies should think about the value of knowledge capital. We are doing something that no one else in this country has done yet, but the potential is huge. Hopefully, there will be more successful examples of the new structures of service companies in the future - those where the service company does not have to have any employees.

What are responsible employers made of?

What is meant when we talk about a responsible employer?

The first thought is often an employer who supports the well-being of his employees and who strives to bear responsibility for the surrounding society. Oikotie's Responsible employer campaign has identified six principles that define a responsible employer: non-discrimination, work-life balance and well-being, investment in front-line work, the importance of work and development at work, remuneration according to the requirements of the position and a good applicant experience.

In this article, I open my views on what these themes mean in practice.



Equal treatment and good front-line work create the foundation. Equal treatment and valuing of employees is the hallmark of a responsible employer and even a starting point, without which other themes of responsibility cannot be realized. In non-discriminatory companies, employees' views are genuinely listened to, valued and taken into account in decision-making.

It is important that the management level of the company brings out and makes it possible to talk about things freely while maintaining psychological safety.

Pre-personal work is an important part of the theme. Front-line work, where you dare to have an open dialogue with the staff even about difficult issues, and where front-line employees are receptive, honest and humble, is a sign of a responsible employer. When the decisions prepared by superiors are brought into discussion and decision-making democratically for the entire staff, it is a sign of the openness and transparency of a responsible employer.

What is fair?

Personally, I would also add justice to the equality discussion.

Fairness is also being talked about more and more often in working life: where and to whom does the income from work go - to the creator himself or to the faceless shareholder? Is the company's decision-making and communication fair and transparent? Are all employees allowed to influence decisions? Does the company encourage openness and honesty in all its activities? All these questions are ultimately related to how an individual company employee feels about his or her role in the work community, whether his or her opinions – both small and large – matter and whether work is given value.

Balancing allowed

A responsible employer also makes sure that it is possible for all employees to find a suitable balance between work life and free time. At Luoto, every expert has the opportunity to influence their own way of working, whether it was related to, for example, the length of the working week or something else that supports a person's life situation at that particular moment. The employer provides a framework in which everyone can succeed in their work in the way they determine.

Meaningful work is built with open communication

Every person wants to feel important. Whether it is our work community, our family or our society, we want to feel that we are doing things that are meaningful both to ourselves and especially to others.

According to the Academy of Philosophy, work is meaningful when it has a purpose that produces good and a person can fulfill himself. When the employer makes sure that these goals are reached for each employee, we have already come a long way.

In order to consider relevance, the work community must be open enough. When communication is open, a dialogue can be held in the company about what kind of values are important to us and what

values we want to follow in our work.

Values affect, among other things, how we act among ourselves or what kind of clients we perceive as meaningful and, on the other hand, what kind of operating methods support our value base. For example, in customer projects, we can think about whether it is in line with our values as application developers to accept solutions that would be unsustainable from the customer's point of view in the longer term, or whether we could propose better ones instead. As a working community, we could see value in trying to participate in shared responsibility themes in society.

The company is part of the environment

You can't talk about responsibility without looking at how the company affects the world around it. More and more often, in addition to economic indicators, the social and ecological effects of companies are also measured. The results have an impact on how the company is viewed both in the business world and in the eyes of consumers. A development like this is a good thing, because it is socially valuable to try to reduce irresponsible business - as far as, for example, the aforementioned indicators are able to show these things.

The themes of sustainable development also support the well-being of the company's employees by bringing meaningful experiences to daily work.

Responsibility belongs to everyone

It is good to remember that different fields have different starting points to implement the themes of a responsible employer. For example, in the IT sector, where the organizational hierarchy is often low, there are better opportunities than in the sector where the organizations are multi-level, or where the economic situation does not give opportunities to promote all themes. However, many of the themes of a responsible employer are often not connected to economic factors, but to the state of will of the company's management.

Most of the aforementioned themes of a responsible employer are essential issues, especially in terms of the well-being of the person working in the company. However, it is noteworthy that some of the themes concern more broadly how the company operates on a social level, in addition to simply promoting employee well-being. Meaning and sustainable development are an inseparable part of the activities of a responsible employer, because the well-being of the personnel is also linked to them.

Social discussion about responsible employers is important. With the help of open dialogue, it is possible to promote the well-being of employees as well as the mutual trust between employers and employees. In addition, responsible business operations can be used to solve global challenges related to, for example, the environment or socio-economic equality.

What does responsibility mean to you?  
What is your structure like?

Luoto Company's ownership has been implemented as a group structure, where the basis of ownership shares in different companies is divided according to the company's functions. The company's sales, marketing, financial administration, HR and other administration are in their own company, and the service operations are in their own 20-person parallel companies. The ownership is divided between the founders (20%) and the authors (80%). We wanted to make ownership also relevant in terms of decision-making, and that is only possible in limited teams where people know each other. Each company has autonomy for its own affairs, but together we are Luoto Company. Participation in various topics from the strategy onwards is also voluntary, the information is open. We are truly community-driven, decisions are made by agile voting according to the majority, and in the event of a tie, the founders bear responsibility for making sure things move forward.

Can joint ownership work?

It has been working for a long time. In a free market economy, the company can distribute holdings as it wishes, taking into account the legislation.

On the other hand, most of the world's companies are also jointly owned.

It's just about different distribution ratios, their bases, financing and dynamics. In our opinion, especially in specialist houses, ownership could be distributed more evenly than at present.

We know from experience that joint ownership solves many problems related to today's individual remuneration, from internal competition to unclear remuneration criteria and career path choices.

Individual metrics also work poorly in teams, not only from the point of view of guidance, but also because of their narrow scope.

Looking at the outer edge of individual metrics, many things that add value to the company are difficult to measure, e.g. participation in collaboration networks, helping a

colleague, acquiring collaboration leads, quality of customer service or even lunch sparring with an ex-colleague. For us, these things are also relevant for everyone in terms of results and valuation.

We also have a unique distribution ratio and equality of personnel ownership, but on the other hand, our principles are clear enough, the roles, skills and work experience are similar. Alongside the freedoms, responsibility is distributed more evenly and the community, down to the founders, are responsible to each other, and not as individuals to the manager. Transparency is as important as enabling decision-making. That is, joint ownership has worked both over time and here, where the distribution ratios and operating methods are just new.

Does equalization lead to free travel?

Doesn't lead. What is essential is 100% transparency and a low organizational structure, as well as open bases for distribution ratios.

Participation is also discussed from the point of view of legislation and justice, whether it is about free travel or an individual

of the longed-for flexibilities. To Tismale, the same situation is also in the shareholder group of a more traditional startup or, for example, outside the box in team sports, where everyone can see what is happening or not happening on the field. Free riding is actually significantly more likely in a hierarchical and/or closed organization.

Does salary transparency lead to problems?

It doesn't matter when the basics are clear. Rather, it leads to trust, a sense of fairness, genuine team spirit and commitment. We also often see unsolicited helping of a friend, after all, as a community, it is in everyone's interest. You can get help when you ask for it, and we have never witnessed a situation where a friend would not pay attention to an important matter even in a moment of urgency. Transparency actually ultimately leads to a better customer experience because the entire company stands together (and not as individuals) behind the goals. The customer doesn't just get an individual, but a real team. In addition to salary, other company information is also 100% transparent and every shareholder has access to it.

Why is ownership important?

The main differences between the owner and the employee are in decision-making, financial power, profit sharing, information transparency and increasing the company's valuation. From the point of view of valuation alone, our total knowledge capital on the balance sheet is a really large amount of assets that we take care of together.

The partnership also binds the team members more closely together, and in terms of individual freedom, it is not a more wonderful arrangement than in an employment relationship. No one is forced to own a share and you can also get rid of the shares. However, as a partner in your own workplace, work becomes more meaningful. As a special feature of our ownership, the possibility of decision-making has also been taken into account, which in most cases is no longer meaningful when the group of owners grows too large and people no longer know each other.

What if things go badly and we make a loss?

Any company can go bad and the structure determines who decides in the situation. In the traditional context, it ultimately means the management team and usually Yt negotiations. We, on the other hand, would call the shareholders together to go through a difficult financial situation. Everyone participates in decision-making. All you really need to unravel the situation is extensive analysis, 100% transparency and the ability to make decisions. In the end, the majority of votes decides, and in the event of a tie, the founders bear the responsibility. The strength of our culture is also that wisdom is not only in a few heads, but a broad perspective is used for decision-making. So, yes, we can also decide on e.g. layoffs, everyone just participates in the decision, no matter how difficult the situation might be.

What is the tax treatment of ownership and share issuance?

From the start, we have acquired know-how, used the help of legal professionals, and acted in the direction of the tax administration in matters related to the partnership transparently in advance of advance decisions.

To our delight, we noticed that from January 1, 2021 onwards, the Tax Administration's new in-depth guidelines related to the taxation of employment-based share issuance have entered into force, which in practice makes it easier than before for unlisted limited companies to build a broader partnership-based model. Other relevant guidelines of the tax administration related to the topic include, for example, hidden dividend, taxation of dividend income and valuation of assets in inheritance and gift taxation, as well as taxation of dividend and surplus based on the pages Work input.

How about other legislation, salary and benefits?

The most important ones are especially up-to-date limited liability company law, labor legislation, the industry's collective agreement and the shareholders' agreement. We all are paid a normal monthly salary, the levels of which the partners decide themselves. The benefits, on the other hand, are individual-oriented, budgeting is decided in the same way as a normal company, and each partner has the opportunity to make purchases, use services, flexible working hours and e.g. time for the need for competence development.

On the other hand, as a community, we decide at the general meeting on the possible distribution of profits according to the ownership relationships. We also develop the company's business operations, i.e. also the value of the stock together.

Is the model cumbersome for the company's administration?

It depends on how you look at it. There will be a new kind of work, and the company must have strong expertise in tax law, limited liability company law, labor legislation and, in general, drawing up common rules of the game. On the other hand, a lot of extraneous bureaucracy between the employer and the employee is eliminated, e.g. annual salary and career negotiations and investment decisions. In any case, we are significantly freer and more agile, responsibility is distributed more evenly and individual flexibility is possible. Based on experience, we know that in the overall picture, the work of the administration is not significantly more than in a "normal" company.

So why don't I own as a freelancer?

Why not? It is also a fairer working life. On the other hand, in our opinion, different models cannot be put in order, because they depend on the individual's life situation and wishes. We ourselves wanted a new option for the market, where we believe in a strong team for many reasons and e.g. that's why Luoto Company was founded. We also have first-hand experience of the good aspects of freelancing.

In comparison, from our point of view, we are a team and team structure sharing a common value base with our own sales (versus freelancers often through outsourced sales) and other operational work. Our own sales are for our shareholders and we can submit offers for solution deliveries as a community. In addition, community spirit, business development and skill development are opportunities for everyone. The cost structure and individual flexibility are also up to the partners

self-determined. The company also has a valuation and in terms of results we are stable in the long term, e.g. occasional project interruptions and individual project hourly prices are not as visible in the community as they are alone. From the point of view of international competition, we also think that the team is stronger than the individual.

In addition, as a team we are still young and we also see the future through versatile opportunities.

In summary, our community offers many opportunities that cannot be achieved as an individual, but on the other hand, joining also binds a little more, e.g. to joint decision-making and value base. What is the best model? Everyone knows that best. For us, the most important thing is that there are various fair alternatives on the market, from which you can choose the one that suits you.

Where is there room for improvement?

We are creating something completely new, so we are one on the screen. We are aware that e.g. long parental leave or other similar absences and partnership cannot fit in the same box, because shares cannot be easily put "on the shelf for a year", but this is a feature of partnership anywhere else as well. In general, we have further development to do, e.g. in the development of the working time bank and the culture related to ownership in general, and a digital leap in financial management would not be a bad thing, but the whole works well.

It will be interesting for the future to see how, in our case, the structure of different companies works in the longer term. On the other hand, through open discussion, we have decided about dozens of different points smoothly. In these, the value itself is a very strong driver: how do we resolve issue X fairly?

In addition, from the perspective of development, completely larger, completely open questions are e.g. other industries, cost and financial structures, what about juniors or otherwise joint ownership between people of different backgrounds and skill levels, where there are greater differences between individuals? These subjects could be clear on two or three edges of the screen. Time will tell.

What ecosystem?

We believe that the future of expert work is instead of large companies, in smaller companies that work together as an ecosystem. Because of this, we have opened up the details of the ownership model to new subsidiaries.

We take care that their identity becomes rich and unique. As the unifying factor of the ecosystem, we share the same value base and ownership model, so we can also serve customers better together.

New capitalism, what does Luoto think?

We are happy to talk alongside others about the era of new capitalism. What we mean by this is that in addition to money, there are also other types of capital

shaped - especially skills and time. Nowadays, several researchers also talk about nature as capital in the context of new capitalism. In the end, it really doesn't matter to us what terms are used to talk about it in a free market economy. Change is more important than words.

Almost all service and expert companies would have the opportunity to give authors more decision-making power. In our opinion, knowledge capital should be brought to the center of the valuation of these companies.

In service and expert companies, hierarchical, middle/centrally managed structures also do not respond quickly to market flexibility and their decision-making is too far from the customer.

We believe that in a rapidly changing world, a jointly owned smaller service company is a much more agile and efficient way to serve the customer well. Following procurement trends, this is also the opinion of more and more customers.

In addition, in our experience, fair ownership and decision-making power increases commitment and leads to better decisions. After all, who would make smarter decisions for the customer than the people who do customer work?

Individual commission pay is the current trend, what will come next?

IT service companies are currently living in an era of individual-oriented commission pay. Nowadays, almost every new company uses different commission models, freelancers as their own entity. The models arouse a lot of discussion, especially among the creators.

The transition to a commission model is the result of the prevailing trend of the 2010s, which was marked by a strong emphasis on a visible corporate culture: offices and employee benefits were invested in. The fixed monthly salary was largely the same regardless of the house, and now commission salary models stand out from this trend as the new normal. There was a need to emphasize offices and employment benefits: bringing people closer together, as well as emphasizing teamwork, because the career development phase emphasizing titles, hierarchies and individuals in the 21st century came to an end.

The development curve between the decades has been very clear: 2000- from the individual focus of the chapter (career, title) has progressed to the community focus of the 2010s (visible corporate culture) and now in the 2020s there is a return to the new individual focus (commission). The next trend, which will probably only start towards the end of the current decade, will be more communal again.

In our opinion, the trend of an organization that shares ownership is ahead. Work communities will also become more open, crossing organizational boundaries, where networking and cross-innovation will take place.

E.g. has already written about openness for a long time. Henry Chesbrough, Yankee organizational theorist and docent. At the moment, the discussion about ownership is circulating like a hot cat

porridge. Transparency, on the other hand, is progressing faster, most recently e.g. in the form of ecosystems.

When talking about ownership, the concepts of valuation and dividends always come up first. Their review is influenced by the business form and the need for funding, for example, at the top level, whether it is a product startup or a specialist agency. In addition, it is important to understand the cash flow, i.e. what the business income consists of now and in the future, or whether it is formed at all (e.g. case Uros). On the other hand, a permanent, strong profit development is a strong indication of a successful customer experience.

Without going into the science side of the valuation, the truth is, however, that without a confirmed turnover and result, the valuation of the company is completely speculative and the dividend yield is zero. Of course, huge sums have also been paid for powerpoint slides throughout history, but without cash flow, investing is like a round of roulette, sometimes you hit, most often you don't. In companies that offer ownership, regardless of the form of business, the first thing you should do is read the financial statement materials carefully. Just like when investing in listed companies.

We also believe that ownership in expert agencies is the thing that will bring people closer together again. This time, in contrast to the previous community trend, the focus is much stronger on customer experience and open culture than on internal buzz. Everyone also has a clear motive, because success is rewarded and celebrated together if the financial statements are good. Similarly, openness creates more information, lessons and innovations. At the individual level, the work community knows no organizational boundaries. On the organizational level, we also like to talk about strategic partnerships.

In addition to the financial perspective, ownership has significant decision-making power: the owner has the right to vote (equal to us) to participate in the general meeting and influence the policies of the board, for example from growth to profit distribution and strategy, as well as the main lines of operational activities. From the point of view of the entire staff, the goal framework motivates in a different way if it has been decided together - there is no need for separate communication and implementation either. Traditionally, goals and strategy are managed from the top down, with us it's the other way around.

According to our experience, openness and ownership could also be summed up in the spirit of the movie Any Given Sunday: That's an inch what makes the difference. Ownership or openness is not the silver bullet that decides everything, but it is an inch of improvement from before, if the team is strong from the start. As a practical example, that inch can be seen for our customers, e.g. in that behind every Luotian there is always a close-knit team of 70 people, whose cooperation in many different areas is also unconditional.