**** 

9B19C030

HOW WAS HOLACRACY GOING AT iQMETRIX?

Professors Justin Feeney, Ann Frost, and Chris Street wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

This publication may not be transmitted, photocopied, digitized, or otherwise reproduced in any form or by any means without the permission of the copyright holder. Reproduction of this material is not covered under authorization by any reproduction rights organization. To order copies or request permission to reproduce materials, contact Ivey Publishing, Ivey Business School, Western University, London, Ontario, Canada, N6G 0N1; (t) 519.661.3208; (e) cases@ivey.ca; www.iveycases.com. Our goal is to publish materials of the highest quality; submit any errata to publishcases@ivey.ca. i1v2e5y5pubs

Copyright © 2019, Ivey Business School Foundation Version: 2019-11-21

In April 2018, Jessica Taplow, head of People and Culture at iQmetrix Software Development Corp. (iQmetrix), was about to unveil the data from a recent employee survey that asked employees about their perceptions of holacracy, a new organizational design the company had adopted about one and a half years earlier.

Headquartered in Vancouver, BC, Canada, iQmetrix, a software development company, had grown rapidly since its founding in Regina, Saskatchewan, in 2001. Founded by brothers Christopher and Greg Krywulak, iQmetrix was built on the idea that sharing information and metrics through computer systems would lead to breakthroughs in efficiency, productivity, and competitive advantage. More importantly to the founders, the company was also created to build what they called the “ultimate organization,” where creativity and innovation would flourish and people could be their best. Flat decision-making structures, where staff were informed and autonomous and had the authority to make decisions, would allow solutions and innovations to emerge from anywhere in the organization. The idea of this ultimate organization became a foundation for the evolution of the iQmetrix culture. As a young entrepreneur starting out, Christopher Krywulak did not know what the ultimate organization looked like, but he did know that he was dissatisfied with what he saw around him in the business world and that he wanted to instead create an organization where people like him could flourish. He believed he would recognize the ultimate organization only after he had created it. This belief turned into the development strategy that iQmetrix returned to time after time. Each time growth put stress on the company, the company’s strategy was to decide what it needed to do next to continue creating the ultimate organization.

As the company grew from its Regina base and opened satellite offices in Winnipeg; Vancouver; and Charlotte, North Carolina—eventually employing over 400 people—it experienced pressure to become more formalized. Searching for a model that resonated and stayed true to the initial founding vision of the ultimate organization, iQmetrix adopted holacracy in early 2017.

Holacracy

Holacracy contrasted starkly with traditional organizational designs. The goal of holacracy was to create an organization based on simple rules for recognizing, articulating, and creating the tasks that needed to be accomplished and then giving people the authority to adapt their professional roles to these new tasks at their own discretion. Holacracy organized people around common outcomes or projects. In holacracy, there were no job titles—only roles. Moreover, there were no managers in a holacracy. Instead, authority was distributed throughout the organization, and work was organized by circles that formed and disbanded as required, according to the tasks they needed to accomplish. Circles followed detailed procedures regarding how decisions were made and how meetings were run.

Holacracy sought to increase transparency and reduce the time required to make decisions by making three key changes to the organization: (1) it organized the work to be done by roles, (2) it associated specific accountabilities to those roles, and (3) it gave the person assuming each role complete authority to make the decisions required for that role. This contrasted with traditional hierarchies, in which the organizational structure tended to push accountability upward and required people who did the work to continually seek authority to make decisions. This resulted in lost time, a lack of ownership, and low levels of accountability regarding decisions. Such a system—where the more powerful enjoyed the perks of power and the less powerful had little or no accountability—could encourage bad habits for both managers and employees. To successfully implement holacracy, iQmetrix would have to avoid both of these outcomes.

Over the course of the first year, holacracy was rolled out to the entire organization, and people became familiar with their roles, circles, and accountabilities. The company’s founder and chief executive officer, Chris Krywulak, anticipated that holacracy would empower individuals to plan, monitor, and regulate their own work tasks and that leadership would be distributed broadly throughout the organization. Now, one and half years later, Taplow set out to see whether these expectations had been met. She was especially interested in whether employees perceived holacracy to have improved the company; whether they were happier and more engaged; and whether they were receiving more accurate, useful, and motivating feedback about their efforts on the job.

Taplow had sent the survey to employees in April 2018, and she was pleased to have received a 67 per cent response rate. Now, she was excited to have a look at the data. What would employees be saying about their experiences at iQmetrix working under holacracy? Taplow opened the Excel file to see (see Ivey product 7B19C030).