



LIQUID ORGANISATION

How LiquidO™ is devised and why you should care



Hi there, and welcome.



This is the LiquidO™ white paper, composed for the purpose of sharing our travel through the development of this model. For this very reason we are going to update this paper from time to time.

Make sure this document you have is the latest version. Check it out at: www.liquidorganisation.info

Have a nice time with LiquidO™, and get in touch!

The crew @ Cocoon Projects.

#MakeltHappen

LiquidO™ white paper, version 1.7 - October 2016
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01

WHAT IS LiquidO™

You might have heard of a new breed of organisational models, responding to the fast growing adaptability, engagement and collaboration needs within modern company structures. Or you might have simply experienced the sound problems of slowness, rigidity, bureaucracy, disengagement along with various kinds of waste and bottlenecks that “traditional” organisational models generate and suffer nowadays.

This is what LiquidO™ is all about: the original “liquid organisation” model for governance, born from direct experience within Cocoon Projects and in use in a growing number of for profit and not-for-profit organisations willing to get liquid.



Liquefying an organisation means disrupting the industrial-age driven assumptions on which rigid structures are designed and move on to make it adaptive, dynamic and anti-fragile. Based on lean management and open collaboration principles, the LiquidO™ model is fluid, meritocratic and value-driven, enabling stigmergic behaviour and “organic” effectiveness.

ADAPTIVE,
DYNAMIC
AND ANTI-FRAGILE

...
**AND
WHAT
IT
ISN'T**



Before diving in we would like to point out a few elements of possible misunderstanding. The LiquidO™ model:

- ✗ Is not a **software** platform, nor a software architecture or framework. Digital tools are needed to scale this model up, but they are still a complement to the model itself, which is an integrated mix of principles, tools and rituals defining a platform in its wider meaning.
- ✗ While still being suitable for a very wide range of applications, it is not a model specifically thought for communities, associations, freelance networks and/or **nonprofit organisations**. On the contrary, it's been designed and implemented as a governance model for Cocoon Projects: a Limited Liability Company involved in a deep worldwide cultural change but yet normally working on the markets and making profits.
- ✗ Is not directly linked to the Zygmunt Bauman's work about "**liquid society**". Even though also this model comes somehow as a consequence of a deep shift in society, definitely linked with a new concept of transient versus lasting, its meaning for "liquid" is very different. Here it means adaptive, non rigid, acknowledging a natural relationship between imposed stress and speed of change. It's meant as an evolution towards opportunities and away from the fear generated by the shift itself.

02 HOW IT WORKS



Our liquid organisation model can be implemented embracing some basic principles and putting them in action with the right enabling **platform** of tools and processes.



It is very important here to understand the term “platform” in its wider meaning. As said, it is a platform of tools and processes. A software platform is needed but it’s not sufficient.

Indeed, what we’ll be describing can be implemented using different digital tools, but the model itself is first of all a framework to rethink, reconnect and develop the whole governance of any organisation evolving it into an adaptive platform with a brand new liquid structure.

“A complex system, contrary to what people believe, does not require complicated systems and regulations and intricate policies. The simpler, the better.” - N. N. Taleb in Antifragile



All members in the governance are equal, nobody is the boss of anybody else, there are no job titles: just people with their competences.

Everybody can decide in real time which activities and decisions to take part to, choosing the challenges and problems where to be potentially most useful.

Credit will be awarded by peers after results are reached, and reputation will be built upon the dynamics that every member chooses and expresses for herself.

WITH CREDIT COMES
COMPENSATION AND
DECISIONAL POWER,
AND THE LOOP IS
CONTINUOUSLY RENEWED.



Moreover, being based on Lean Management and Open Collaboration principles, the LiquidO™ model assumes that waste elimination can be radically embraced,

removing everything that is not contributing to the creation of value towards the company's goals, that of course includes the company's health itself.

Job interviews, for example, may not be a meaningful way of using time. While allowing people to immediately and freely enter the governance of an organisation is a much more efficient (and effective) test for their fit.

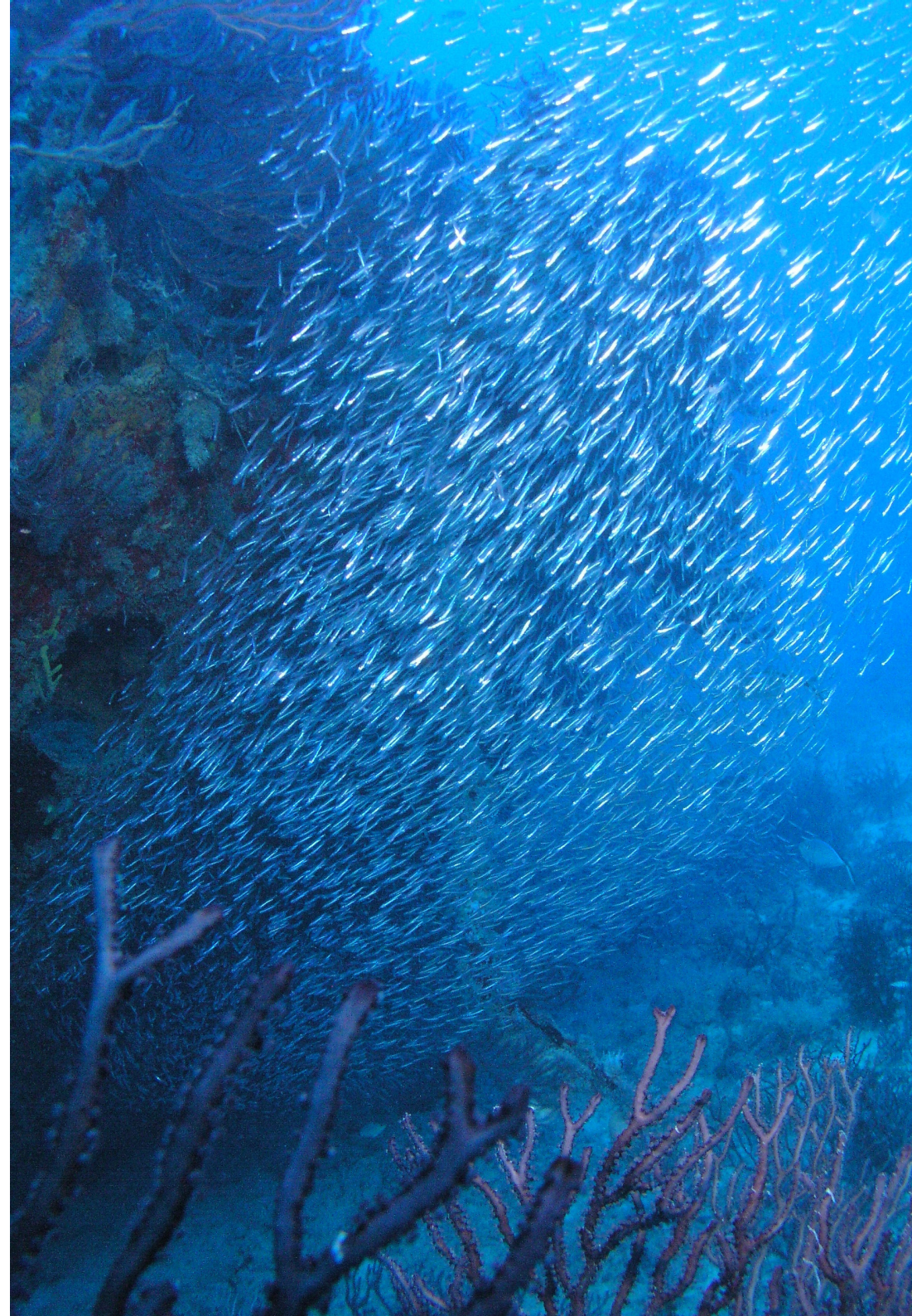
LiquidO™ allows them to work just like all the regular members but in a “safe zone”, to see if they find their place in the collective value creation dynamics.

We call this zone **Contributorship**.



The LiquidO™ model also includes some **rithmic rituals** to keep people aligned within the governance of the whole organisation.

These are timeboxed, inclusive, live and/or online meetings that happen regularly, and which usually anybody can join freely. It is very important to foresee and define these alignment events since there is nobody with a functional responsibility of watching out for specific problems and opportunities, therefore requiring the right context for having them emerge from the people and being inserted in the governance platform.





People ask us how we interact in Cocoon Projects' governance, how often we do work side by side. Going from the most frequent to the most important, here follow the key Cocoon Projects meetings to engage with.

Weekly coordination: it is open to all members and contributors, and it is mandatory for at least one between Account and Team Leader of all the in-progress projects.

Monthly catch-up: it is meant to stop for a few hours and align vision and activities on the ongoing governance strategy as decided for the current half of the year. It is open to all members and contributors

Quarterly kick off: it is open to members only, for efficiency reasons. It is usually held in a representative office and it's meant for a structured and deeper half-way check of what is being done on the governance strategy decided for the current half of the year. It kicks-off the second half of the semester itself.

Global Jam: It happens twice per solar year, at the beginning of each half. It is the most important CP governance event, open to all members and contributors and lasting two or three days.

Now, after an overview introducing the whole platform for the open-governance of our LiquidO™ model, we are ready to dive into its details. **Our platform is composed of 4 pillars, as follows.**



COLLABORATIVE
WORKING BOARD



CONTRIBUTION
ACCOUNTING



REPUTATION
TRACKING



COLLABORATIVE
DECISIONMAKING



03 THE 4 PILLARS IN DETAIL

1

COLLABORATIVE WORKING BOARD

The entire organisation shares a common working board, that makes the flow visible and explicit to everybody. We have adopted a kanban approach so the work in progress is limited (at multiple levels if needed). There is no assignment of activities but a **“pull” mechanism** by people that decide to start what has been collectively approved as “to be started” and then collectively prioritized.

The internal governance operations process is based on the definition of workstreams. They are sets of **work items** (activities) targeted to a specific sizeable outcome.



Each work item lives through the following six steps:

- IDEA
- OPEN
- IN PROGRESS
- COMPLETED
- ACCEPTED
- CLOSED

Anybody can propose a new activity to be lazy-majority voted for acceptance. **Lazy-majority** voting implies that a decision is taken counting the votes given within a pre-defined timebox.

So, when a new activity is proposed by anybody, along with a short rationale of why that activity would be useful and what would the expected outcome be, all the organisation members can vote that item to be accepted in the backlog of things to be started, or reject it. The lazy-majority voting timebox is in this case short, usually 2 days.

The backlog of to be started aka “open” activities is often reordered by **priority**.



This prioritization is necessary when a new activity item is accepted within a lane, thus requiring to have an “entrance priority” among the existing items of that lane. And it is also usually cast when there is room in the work in progress limit of a lane because some in-progress item has been completed. In this case, in fact, it is important to have the first few items of the lane in an up-to-date priority order, so that anybody who picks an activity item among the upper ones to start it, thinking that they have highest priority, would make the right pick.

Collaborative prioritization is performed by a “comparing pairs” decision making tool, that compares couples of items asking members to decide which of the two has highest priority. And, again, it happens by lazy majority voting within a very short timebox: a few hours in this case for the whole prioritization process. When the time is over, the new backlog order is given, even if nothing has been changed.

When there is room in the work-in-progress limit of a board lane, a new activity can be started in that lane. She who starts an activity is its owner, meaning she is the “**facilitator**” and “coordinator” for that activity. Anybody can join the activity at any time, freely. When completed, an activity is collectively approved by lazy-majority voting.



What we see in Cocoon Projects as a result is a “living” board, on which we hold a 30 to 45 minutes coordination meeting every Monday open to be attended by anybody in the organisation, live or even remotely. And most of the changes are noted and pointed out in that meeting.

Of course asynchronous communication over the board items goes on for the whole week, and eventually some outstanding issues or ideas or deadlines, shout the call out for a dedicated discussion.



2

CONTRIBUTION ACCOUNTING SYSTEM

Each governance activity has a value in **credits**, estimated by all the participants to that activity and averaged by the system. These **estimates** can be changed in any moment, real-time following actual work, until the activity is completed.

After the activity's been completed and accepted, its weight in credits is distributed to all the participants to that activity. This happens by a retrospective **shares** evaluation executed by each participant of how much **value** (and not time or effort) each person has brought into the final result. The system averages the shares evaluation for each participant and distributes the activity credits in that proportion to the participants. The credits earned with this mechanism are directly or proportionally converted into money compensation, adding up to the over-all compensation system in place.

The system then returns to the whole organisations two transparent values: the final averaged shares percentage of that activity for that participant, and the distance between this value and the percentage that participant has given for herself as self-evaluation.

In this way it is always visible how much a person over-estimates or under-estimates herself. An oscillatory situation of over-estimation and under-estimation is physiologic, while a constant over or under-estimation is a pathological situation that becomes immediately visible for treatment.



Presenting our model around the world, we've been questioned many times about how to control or at least discourage people from cheating and trying to get more than they deserve within this contribution accounting system. Surprisingly in these years we've observed an amazing sense of "justice" triggered by this system and by the principles that it implements, and to give a measure we've witnessed an average distance between self-evaluations and team average evaluation definitely lower than 10%.

People know very well how much they contributed in the creation of value. The rest of the job is done by the transparency and reputation dynamics and, not least, by the common culture that such a system fosters.

3

COLLABORATIVE DECISION MAKING

LiquidO™ features two families of decisions: the operational decisions about the work items on the working board, and all the other decisions directly pertaining the governance itself.

Operational decisions for single activities on the collaborative board are: 1. if a work item proposed as “idea” is allowed to move to the “open” stage; 2. which priority the work items in the “open” stage need to have in any given moment; 3. if a work item in the “completed” stage should move to “accepted”.

As already mentioned, these decisions are taken by the governance members using lazy-majority voting.. As said, this means that the decision is taken counting the votes of the members that have voted within a pre-defined **timebox**, which is usually between 2 and 5 days.



For all the other decisions going through the board as work items themselves, the platform features a toolbox of decision making **processes**, ranging from a very simple dot-voting tool, to a multi-phase investigation, envisioning and selection process lasting up to some weeks per single decision.

Deciding **quickly** (and iterating over that decision) is considered a guiding principle for decision making, thus the decision is launched with the quickest tool in the toolbox that is considered suitable for that specific decision. If the result is not considered good enough (usually after actually testing it on the field) a deeper and slower decision making tool is adopted.

Lazy majority is used in all kind of decisions, reputation dynamics hold people from taking part in decisions for which they would be considered strongly inadequate, and the pragmatic culture of co-creation and short feedback loop testing, moves the whole organisation as a single thinking brain.

Moreover, when some of the "dimensions" of the decision grow and the decision is considered "important" (meaning different things for different organisations or even in different moments of their lives), voting is executed not democratically but **meritocratically**.

This means that the weight of each participant's vote is different and defined by the value she has created within the organisation open-governance up to that moment, measured in credits earned by governance activities.

DECIDING QUICKLY IS CONSIDERED A GUIDING PRINCIPLE FOR DECISION MAKING.

In this way strategy is co-created involving (and engaging) all the useful and willing people, and defined by a purely meritocratic system.

Note that there is actually no need for up front "strategic" or "tactical" classification of decisions any more, because there is no "company level" or function to address them to accordingly.



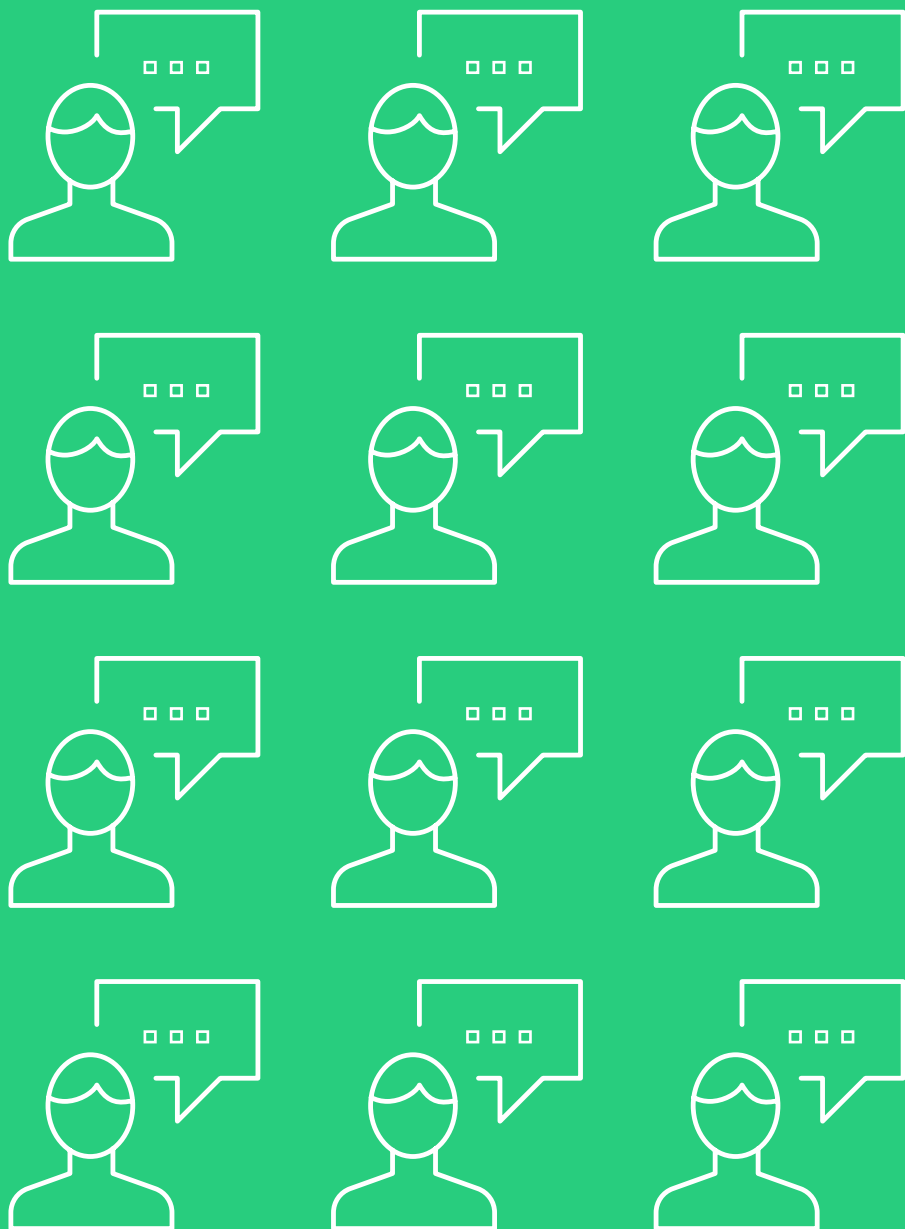
4

REPUTATION TRACING

An open-governance specific reputation tracing system is key to leverage contribution, **transparency** and value generation dynamics in a stigmergic system. It shows the trace of healthy behaviours, and let best practices and high level skills emerge. Of course it also **gives visibility to "pathologies"**, allowing the organisation to face them as early as possible.

This part of the platform enables any existing or entering person to see and understand the whole existing population. Each person can expose her skills and former collaborators can validate them.

The participation in the open governance activities and the value created is visible from more than one point of view and by different metrics.



Relationships between people within the organisation are also visible, such as having taken part to the same governance and/or operational activities. It is therefore easy to start understanding "who" is anybody within the organisation, in any given moment in time. And, as a consequence, it is also easy to engage the "right" people letting them know about opportunities or threats at any scale and asking for their support in different ways.

This part of the platform looks much like an enterprise social network indeed. But do not be misled: that is just its basic "layer". Actually the job of this pillar is done by the transparency it implements in exposing the other pillars related behaviours and results, thus giving each member in any moment a "position" within the dynamic relationships of the organisation from the specific perspective of value created and recognised by peers.



The LiquidO™ model is simply a game-changer. Iterative experimentation is a built-in principle, and decision making is both lightning fast and powerfully backed by the knowledge and the point of views of an entire organism. This means complete real-time adaptability of strategy and operations.

Creativity, leadership and operational skills are more than free to be expressed, they are empowered. And their expression doesn't have to adhere to a standard pre-defined by anybody: since we're human beings we go through phases, and such a system allows us to express the best of us in any moment, even when this means a need to step back and breathe.



Due to its structure it attracts the best people, because they are the ones taking the greatest advantage of a truly meritocratic system. Even further than this, it breaks down the entire concept of competition, becoming a framework in which different players can co-create value on the market leveraging the openness and inclusiveness of its dynamics.

The very concept of "employee" is overtaken, moving work to a new era in which people can use an organisation as a means to fully express both their individual value creation power, and their exponential power of doing so within a single liquid, almost organic body with the others.

According to the work of N. N. Taleb, anti-fragility in this model is therefore boosted as convexity in the pay-off function associated with every activity of the organisation.

And this happens in so many different and interconnected ways.

Just to name a few, a liquid organisation:



Encourages everybody to embrace a pro-active trial and error operational attitude driven by merit and reputation, resulting in the greatest possible "optionality" within the opaque domain of today's management.



Structurally **rejects** an up-front planning and control culture, thus resulting in an uncertainty and self-discovery attitude both for individuals and teams.



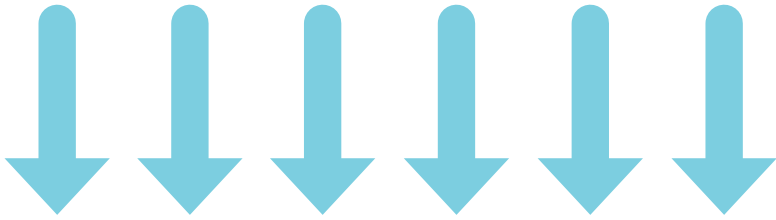
Fosters a wide view of work, still allowing over-specialized people to fit in but intrinsically driving everybody to get a wider grasp and engagement.



Attracts and **selects** highly effective people, by meritocracy. And it does it on a continuous flow basis, not ever attributing fixed roles or positions.

05

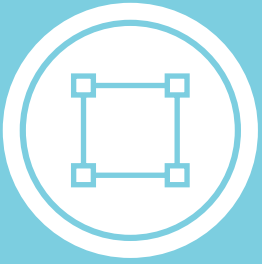
WHY YOU WOULD WANT IT



IN YOUR ORGANISATION

Rigidly structured organisations cannot cope with the current pace of innovation and its complexity, let alone exploit it. We need a completely different mindset and consequently new models. And we need them to be simple and people-centric.

This is exactly why LiquidO™ was born.



REAL-TIME ADAPTABILITY

The industrial age organisational approach, where each area is defined as a restricted group of activities coherent to one another, has its biggest limitations in the risk to fall in fragmented, sealed administration and culture. As the company grows, so grows the complex ramification, branching and costs of these models. Lack of communication, heavy bureaucracy, disastrous efficiency.

Nowadays, although LiquidO™ is not a panacea for all ills, it is already bringing non-obvious advantages. Its completely different perspective, in fact relying on people and competences without fixed roles, provides an integrated and adaptive business management scenario shifted to a systemic approach, pragmatically meritocratic and inherently capable of real time adaptability to any context. It's just like water, some would say.



BETTER AND FASTER INFORMATION PROCESSING

Hierarchies are a sound bottleneck both for decision making and competences evolution. Too many info to process in order to succeed. It's crazy today to think that whatever kind of manager, as an individual, can collect, process and use all the info that is produced in a single day (and that is now fairly easily reachable) in her domain of management. Moreover, on the other hand, the distance between where and how in the organisation strategies are created, and where and how they have to be executed too often creates waste, lack of effectiveness or even complete failure.

Non-peer evaluation, silos and recruiting inefficiency are additional heavy side-defects of an organisational design philosophy based on the two illusions of control and predictability, and therefore actualized with structural divisions between thinking and doing.

LiquidO™ is a viable and operational way to value thinking, communication and problem solving by anybody within the organisation. It is a way to let all the brilliant people in the company effectively emerge. Anybody can join each wave, surf it and enrich it, so to say.



ENGAGEMENT AND SPONTANEOUS LEADERSHIP

People are key in this picture. In fact, within LiquidO™ everyone can decide whether to join a process or not, try, and consequently determine her level by fast feedback loops from frequent and specific peer-reviews driven by the actual delivered value. The fact that anybody is allowed to jump in implies the presence of maximum flexibility in entry and exit in specific activities and in the organisation as a whole.

Besides a natural engagement due to continuous feedback and consequently improving results, within this scenario it's really difficult to deny emerging problems.

Within the old way of thinking the organisations instead, people's disengagement and misalignment with common goals and principles sum up as heavy side-defects. Keep in mind that very often conflicts, work overload, sense of impotence, lack of decision power, absence of endorsement, unfair treatment and misalignments are among the real causes of failures.

There is much more that can be done today, if only we let go of control, predictability and rigidity. We definitely need to step into a revolution that moves structures, processes and the organisation itself away from the center, where it is assumed that people have to adapt to them, instead shifting the focus on people and truly empowering them to dynamically find their maximum value creation spot within the organisation, expressing leadership effectively and without fear, naturally growing and being rewarded for this.

06

HOW WE'VE INVENTED IT

We've received quite a good deal of congratulations for the invention of the LiquidO™ model. A growing number of innovators loves the way it encompasses the principles of lean thinking and open collaboration daring to be an “all-in” model and, at the same time, keeping simplicity as a guiding line of its design.

Thus, it may seem to be the product of a brilliant and mindful design process, coming from our competences and culture in the scopes and disciplines of innovation. Well, truth is quite different.





Its story begins with a bunch of young people running their own first venture, namely a Marketing consultancy and Crossmedia Communication design firm based in Rome. All in their twenties and conjugating a nice mix of strategic and creative skills, they managed to gain traction and work with customers of many different industries and sizes, actually ranging from small local companies to big well known multinationals.

Quite an easy go for a few years. As it happens, problems were already heading their way though. Externally, the economic crisis started to hit most of their clients from 2009. Internally, as they had seen their business model validated they were starting to prepare to scale up, following what was thought to be common wisdom in how to structure a company in order to grow up.





In that very moment a few of them took the chance to stop and, while starting the recovery from that big crash, to think about what had happened and why.

As things turned out to be in 2 years from then, that combination of external rapidly growing complexity and internal increasing rigidity, proved to be lethal both for a wide group of their customers and for their own company. It proved to be a failure.

The errors seemed so clear after all, blindly repeated by so many companies for years, including their own one. Control and planning before learning and adaptability, bottlenecks in the flow of information, decisions, communication, closure and separation from the market, competition instead of collaboration, and many other mistakes coming from a provingly wrong vision of the firm itself.

Nevertheless the opportunity was now big. In the close past some of them had already felt a deep desire of working for real value creation instead of helping selling products and services for the only sake of it. The study and application of lean management principles had in the meanwhile started helping them in the recognition of so many types of organisational wastes, and of the growing need for processes to enable the birth of a real-time learning company structure.

So, some of them gathered again, this time around the opportunity represented by a very effective question: “given all we now know, how would a *really cool* company be structured?”.

And, as it happens when you’ve just lost a lot, they did not care at all whether it would be considered possible to actually give birth of such a company or not.

They went on following what they felt about it and totally embracing a “what if” thinking attitude, all the way down to a completely new vision.

It was fall 2011 when it all begun within Cocoon Projects. It took Stelio Verzera nine months to explore this vision and give it the shape of a new organisational model. And in June 2012 the new organisational model was in place in its “private alpha version”, already under testing and experimentation by the whole group of Cocoon Projects founders since January.

It was by then just called “liquid organisation”.

It was already based on its four pillars, courageously implementing the principles of lean thinking and open collaboration through and through. It had took inspiration from many streams of what was happening and being studied in other parts of the world, such as swarm intelligence and stigmergic behaviour studies, flat organisational models, iterative agile methods of coping with complexity.

COCOON PROJECTS WAS
THEN, AS FAR AS WE KNOW,
THE FIRST COMPANY IN
EUROPE DELIVERING ON
THE MARKETS WITH SUCH
AN ALL-IN MODEL OF OPEN
GOVERNANCE.

LiquidO™, as we called it later on, was a way of giving birth to a new kind of “living company”, enabling it to produce the maximum value and impact in these turbulent times of ever growing complexity.

It wasn't an element of Cocoon Projects value proposition in itself, it wasn't something we offered our clients directly.

Nevertheless, as the word spread and we found ourselves telling the story of how Cocoon Projects works, time after time in different Countries in live and online gatherings of true innovators, it became clearer and clearer we might had found something valuable to the world much beyond ourselves. **And this is how LiquidO™ reached you here.**

07

THE UNDERLYING CULTURE

Despite its decades of success, mainstream organisational management is flawed.

That's the main belief our culture is based upon.

OUR ROOTS

While common sense has grown up to consider organisations as deterministic clockwork machines, by which a managed input turns into some valuable and predictable output, we prefer to base our model on fact checking: what is right today, won't necessarily be tomorrow and a too rigid structure will be caught unprepared to cope with new unexpected demand, especially if the distance between decision-making and action-taking is too long to learn and act timely.

This unforgiving facts started emerging half way of last century, just right after the end of WWII. Though twentieth century started with the best intentions when Frederick Winslow Taylor published his *Principles of Scientific Management* in 1911, a milestone in processes and workplace introspection, levels of demand in the post-war economy of Japan were low and the focus of mass production on lowest cost per item via economies of scale therefore had little application.

Given the financial situation during that period, over-production had to be avoided and thus the notion of pull - build to order rather than target driven push - came to underpin production scheduling.

Lean Thinking was born.

OUR COMPASS

Make assumptions on what “value” means to your organisation, validate them and act accordingly, banishing waste of all kind. This was the Lean Thinking lesson, this is our flag. Thus to cope with the inherent uncertainty of contemporary market, we strove to find a minimal set of values and principle which to organise around. Just like water adapts to its container while still obeying the laws of physics, our model just sets some principle allowing for all the members of an organisation to self-organise for production of *true* value.

It is an organisational paradigm shift.

We came to call it *Value Driven Innovation*.

How do you bring people in collaborating when you have such a strong constraint on liquidity? We are lucky enough to have witnessed one of the most amazing chapters of history of technology. The Open Source movement during the last 30 years has taught all of us that people with a common interest and an aligned culture may produce value way beyond expectations.

From software to hardware to arts, *Open Collaboration* emerged as an effective tool to make the most of creativity, diversity, intelligence and criticism. As we maximise Value delivery by learning about the environment outside the organisation, an organic organisation continuously learns on its internals too, reflecting on the way information flows through it, adapting to real needs, real time.

OUR PRINCIPLES

Pursuing *Value Driven Innovation*, we embedded *Lean Thinking* and *Open Collaboration* pillars in our principles:

Transparency triggers reputation guided behaviours, helps defining a culture of fairness, enables visual control, allows stigmergic behaviour to take place on the basis of silent best practices continuous evolution.

High level results, after being approved by peers, must be visible and able to emerge easily, giving people higher earnings and more decisional power proportionally to the value they are creating within the organisation.

Job titles and pre-defined organisational functions are not needed for the creation of value, what is needed are well aligned people with high level competences, motivated in what they do by a sense of belonging and directed by a common work culture.

Concentrated decisional power is just one specific "tool" for decision making, not the only one nor the best one for any situation. The organisation must have a toolbox of decision-making processes, including more than one technique adopting distributed decisional power.

Agile iterative experimentation and execution are crucial to complexity management: the speed of learning is a very important measure of the organisation's ability to evolve quickly and healthy.

Co-creation is a fundamental means of information, creativity, intelligence and criticism utilization towards the common goals of the organisation.

People want to be engaged in the creation of value if fear is removed and the results are fairly rewarded: we humans want to contribute by our own nature.

A system that makes potential problems or any negative tension very early visible is a system that will be able to manage them with the least waste of energy, when not even to exploit them for evolution, before they become a severe problem.



In Cocoon Projects the shared values composing the core of our instance of LiquidO™ are 10, as follows:

- 1** *We foster the creation of Value, and invest in it.*
- 2** *We privilege the creation of Value that affects the long period rather than just the short, many people rather than just a few, the Disadvantaged rather than the Privileged.*
- 3** *We believe in the innovation processes that are aimed at sustainably improving the quality of life and the diffusion of a culture of respect, knowledge, experience and support.*
- 4** *We foster the sharing of knowledge and ideas, the open participation and contamination, as optimal means towards a real global improvement in Business and in Society.*
- 5** *We believe that improvement towards excellence must be continuous and managed through frequent iterations, and we are against any form of waste along the process.*
- 6** *We adopt a “lean” pragmatic approach to decisions and operations, privileging short feedback loops and empirical verifications of needs and assumptions against long discussion, a priori beliefs and polemic approaches.*
- 7** *We recognize the value of competencies and results far above titles and hierarchies.*
- 8** *We commit ourselves to objectively weigh our competencies and achieved results and those of our team mates, and to act according to this evaluation in the interest of the whole group before than in the direction of our individual desire or convenience.*
- 9** *We commit ourselves to the principle of respect for our team mates, and specifically to sincerity, punctuality, reliability, support, pro-activity and effective communication.*
- 10** *We respect the peculiarities of each person, foster their expression and empower their apportion to the group's value and results.*

08 FAQ

There are no bosses.

Who is going to tell me what to do?

We have chosen a culture of facilitation, not of control. This means that activities are “pull”, not “push”, you are in charge of your work, you are responsible to be proactive and for asking what things are, where to find info, and also for proposing ideas and joining activities spontaneously.

This is not a system for everybody, as some people prefer to be told what to do, feeling safer in this way. If this is your case, consider the different pros and cons and choose if you want to adapt and grow within such a system, or if it is simply not the best place for you to be.

Is LiquidO™ an end-to-end organisational model including operations?

As said, LiquidO™ is a model for governance, meaning that it is suitable for managing the health, growth and direction of a human system, namely an organisation. We have found out in time that managing and growing a company is in many ways different from executing a project or anyhow executing a delivery stream. Thus, LiquidO™ is not an end-to-end organisational model. It works together with your organisation structures for operations, and it definitely exists to evolve them in an adaptive iterative way. Collaborative strategy creation, common culture building, shared competences evolution processes, and meritocracy itself are what we want to most enable using an entrepreneurial open and lean approach to (un)management.

And this is what LiquidO™ was born for.

Given this framework for the governance of the institution itself, we treat operational structures as independent “living cells” connected to the organisation by the culture and methodologies inherited through the people. This “cells”, or “pods”, or “squads” reflect the different needs of different types of businesses in their composition, size and turnover. Nevertheless we believe that, in any case, they should be free to adapt fast and well to specific working situations. For this reason we suggest to use local instances of LiquidO™ for their governance too.

Which software tools should we use to implement the LiquidO™ model?

You can start with a very wide set of different tools, such as online or offline kanban boards, shared docs with a few scripting lines, or other solutions. Here at Cocoon Projects we're nevertheless developing a specific software platform for LiquidO™, so if you are interested in helping and/or using it, just drop us a line.



You say you have no hierarchy but members are a small group of people above contributors. Isn't that a hierarchy again?

Being a contributor (versus being a member) does not mean that you are confined to a lesser governance level. Contributorship is a step within the entrance process, not a layer in the organisational structure. In fact, way beyond just regulating the entrance into the governance scope, the LiquidO™ model offers a viable and highly effective way to drop the traditional recruiting processes letting anybody into the organisation through its governance without having to go through any up-front selection activity. Contributorship itself is the way into it, and it is foreseen “by design” and perfectly normal that not all people will make it through this path becoming a member. Nevertheless a contributor can experience what it actually is like being within the organisation, taking part to any activity, proposing anything, and even earning reputation and compensation.

Once completed her entrance, becoming a member of the governance, the only thing that she will have added - yet a very important thing - is decisional power.

We have employees in our organisation. How do we implement LiquidO™?

As said, LiquidO™ is a model for implementing open, inclusive and lean governance, regardless of your existing organisational structures for operations. This means that all of your employees, no matter what their operational role is, will be able to take part to the governance through it. At the same time, any existing management-based employee role, such as “VP of Marketing” or “Sales Director” for example, will lose meaning and in time will need to be rethought. In fact, in LiquidO™ these management scopes will become governance work streams, and no fixed role or hierarchy will exist in them any more. Of course, this is no short or trivial transition for an established organisation.



Last, but worth mentioning, the LiquidO™ contribution accounting pillar can be connected to your compensation and rewards system for all employees. This may be tricky (as compensation systems tend to be) and needs to be done very carefully, in accordance with the governance core values. Yet, some compensation for the value created in the governance activities could be needed in order to sustain people perception of governance as a useful and needed part of their work time, especially with very “operational” people that are not particularly used to governance activities.

How does LiquidO™ work with only part of the four pillars in place?

It doesn't. LiquidO™ is a powerful synthesis of principles coming from different scopes of work evolution such as lean management, open collaboration, positive psychology. These parts form a connected and working whole only if you implement all of the four pillars in your governance. We've been asked if, for example, the contribution accounting pillar can be used alone or in combination with other different systems, and the answer is it sure can, of course. But that's not LiquidO™.

The contribution accounting pillar needs the lean governance flow of the collaborative working board to work upon, and the tool-set from the collaborative decision making pillar to realize collaborative governance, while the reputation tracing pillar allows the alignment of self-interest with the broader interest of the group. And so on, similarly and organically every pillar needs the other three.

While adopting LiquidO™ you can effectively introduce the pillars in sequence. Nevertheless it is a transitory condition, aimed at reaching the full implementation of the system over time, with its four pillars.



Is LiquidO™ suitable for implementation with different ownership models?

Yes, definitely. LiquidO™ is a governance model, and it's been devised to be completely independent from the ownership model you need or want to have. You can use it to steer a limited liability company, a coop, an association or even a single division. What matters is that the owners have it clear and accepted that implementing LiquidO™ they are going to lose “control” of their organisation, for the sake of a more powerful collective intelligence and creativity. And they are going to have decisional power only proportionately to their contribution of value in the governance as recognised by their peers.

Going even further, in Cocoon Projects we have deliberately decided to couple the ownership model to the LiquidO™ governance. In fact, in order to ask for shares and becoming a Partner, you first need to have reached some specific milestones in the governance of the company, through the LiquidO™ dynamics. We believe this will ensure that over time the ownership or our company will keep that radically lean, open and inclusive culture that led the founders to giving birth to LiquidO™ in the first place.



Is the contribution accounting pillar a performance measurement system?

Absolutely not. It is a system for allocating value according to the given contribution to others and to establish a granular flow of feedback in order to grow the ability of contributing at each person's best. Contribution and performance are two very different things, the former based on adding value to the work of a group, the latter to measure the results of working towards (common) goals. Moreover, individual performance measurement systems tend to have a strong egotist downside. Individualism and egotism are typical traits of a company culture that fosters internal competition and despicable attitudes among employees. In our experience, we observed that performance appraisals often contribute significantly to this problem.



In LiquidO™ we decided to allow anyone to contribute according to her skills and capacity. In the LiquidO™ governance any contribution is a self-assigned task, this means that no one can assign work items to someone else. Moreover, the high granularity of the work items allows for punctual and thus non-systemic failure. Hence, any contribution is weighted by other collaborators according to the perceived value that one given collaborator have brought to a given work item. This assessment does not, by any means, measure the success or the quality of accomplishment related to the tasks.

Can LiquidO™ replace the normal budgeting systems used for org governance?

Yes, it can. In fact, LiquidO™ has been designed to embrace real-time strategy making and to avoid up-front defined constraints for it. The credits used in the contribution accounting should be continuously coming into the governance from the business model execution generated marginality. Then, as the credits are utilized in the collaborative working board flow of work items, company resources available for the governance are dynamically allocated and used according to real-time needs and opportunities.

Of course, in order for this dynamic budgeting system to work effectively, it is important to make sure that the resources (credits) available for the governance are visible to all the governance participants in any given moment.



Is there a standard way to implement LiquidO™ into an existing organisation?

No, there isn't. Being LiquidO™ a model for realizing adaptiveness and agility, the ways to implement it are themselves not prescriptive as they instead are in other cases of new organisational models that have implementation instructions or “constitutions”. For true anti-fragility there is no one way that fits all needs, no best practices for putting it in place, just leading practices. We strongly believe that there is no such thing as a prescriptive solution for an adaptability problem.

Nevertheless, the leading practices are emerging and we'll be back on it with more details in the next updates of this white paper. For the moment two things are important to notice. First, the way in which each of the four pillars is put in place and the tools used for it may vary according to the specific human system characteristics. Second, it is emerging that the path to the full implementation of LiquidO™ has its best first step either in mastering the usage of a Kanban system or that of a collaborative decision making toolbox.



Is LiquidO™ meant to implement a “flat” organisation?

If by “flat organisation” we mean one in which there is no pre-defined hierarchy of different management levels, then yes, LiquidO™ will realize that.

Nevertheless please note that “flatness” isn't really a good metaphor for an organisation. In the real world there is no such a thing as a “flat” or “horizontal” org. A human system is inherently “hierarchical”, in the sense that in time there will be people leading and others following, whatever the organisational structure. It is a tridimensional system, organically similar to a school of fish in this respect. It is not horizontal or flat. The difference is that leadership here is not defined by a position in the org chart: it is emergent, distributed and changing over time.

What LiquidO™ implements is way more important than a new geometrical shape of the org model. In fact, it puts the real system and the formal system in the right order of priorities. The formal system is how we define, describe and rule the organisational structure and dynamics. The real system is what goes on in the meanwhile among people working together. LiquidO™ allows people to arrange the way they work together in a variable way, according to the needs of the situation and having the formal system adhere to the real one. The real structure, in every given moment, is reflected by the formal structure.

What is Cocoon Projects?

Cocoon Projects is a cutting edge last generation Company devoted to the support of value driven innovation. It was designed to be effective, lean, open, international, fast and antifragile. We simply want the best people to be able to work in the most effective way, focusing on value production, contributing as much as they want, having decision-making power proportionally to their actual contribution to the group.

Our culture is based on the Lean Management and Open Collaboration principles. And the only “boss” in our organisation is our list of Shared Values.

We want to spread internationally and to disrupt the old mechanistic way of managing business, with the flexible, non-hierarchical, lean and open culture, that has given birth to our LiquidO™ model.



09
**ASK
FOR
MORE
INFO
OR
JOIN
OUR
CREW**

We know there is more to be said about LiquidO™ and how to implement it. Please don't hesitate to contact us if you want to.

If you share our view, like our model or just need more information, drop us a line. Your feedback is anyway precious for improving our work.

Moreover, as you now know, Cocoon Projects is an open enterprise and this means you can join our crew and start working with us from day 2.

So, if you think this could be your day 1, knock on our door and jump in.

Get in touch, #MakeltHappen!

www.cocoonprojects.com
www.liquidorganisation.info



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MAIN IMPROVEMENTS IN THIS VERSION OF THE LIQUIDO™ WHITE PAPER:

- 7 new FAQs following up on your feedback around the world.
- Minor text changes for clarification about the scoping of LiquidO™.
- Improved clarity about work-item related decisions in the “Collaborative decision Making” chapter in section 3.
- Sections 5 and 6 order inversion for better contents flow.