



Should your world be flat?

This piece was commissioned on behalf of Cambridge University's Judge Business School. I was asked in 2018 to write an article for its alumni magazine exploring the pros and cons of a flat business hierarchy.

Forget job titles. The director's suite. Jostling for promotion. Instead, imagine a world where everyone has decision-making powers. Where you can float between departments. Build your own cross-fertilising networks – that work for you as you need them. Welcome to the flat hierarchy.

Why go flat? For many organisations, it's all about competitive advantage, says Sam Hyde, managing director of Cambridge firm The Technology Partnership, which has maintained its flat structure since its founding, 30 years ago. "Our role is spotting opportunities in the technology market that aren't obvious to our competitors – that's what true innovation is about," says Hyde. "But too often people think within the limits of their imposed context, within their own silo. You work, you report to someone with a set of agendas, who reports to someone with their set of agendas. But truly novel ideas come by taking away those barriers, encouraging people to get together across the organisation. If you're creating disruptive change, structures just get in the way."

However, flat doesn't mean easy, especially for management. Tim McEwan, a Fellow in Management Practice at Cambridge Judge Business School, says the key is soft skills – which he argues are not soft at all. "Influence, persuasion, emotional intelligence – you must have all of these for a flat hierarchy to work. But while they're called soft skills, they are difficult to achieve and you have to work extremely hard, and keep working hard, to get them right." Hyde agrees. "One of the misconceptions of flat hierarchy is that it doesn't require work to get right," he says. "While management doesn't impose a hierarchical structure, we work hard to support the team and the business, fostering the right motives, culture and behaviour – we create the glue that keeps this free-thinking business effective"

Some organisations have taken fluid inter-departmental communication to another level – literally, in some cases. At US computer game-maker Valve, whose slogan is ‘We’ve been boss-free since 1996’, employees’ desks are on wheels, as marketing employee DJ Powers explains. “We move around and don’t want to take a lot of time to do that. You just wheel your whole desk into the elevator and up to whichever floor you need.”

Hyde agrees you need to encourage informality. “You earn respect based on merit. We hire bright engineers and scientists, people who are innately curious and have an inbuilt aptitude



to explore. These people are more likely to build informal networks.

“Money is a hygiene factor,” he adds. “We need to pay well but that is not the true motivation. That comes from autonomy, ownership, mastering your own subject, sharing a common purpose. That, again, stems from hiring the right people.”

But flat organisations are not for everyone. “Moving from a large, traditional, highly structured organisation like a bank to a flat hierarchy can feel like a loss of status to some people,” he says. “You’re losing a badge, a title and for some it is moving to a world of ambiguity.”

In 2014, Tony Hsieh, CEO of Amazon’s footwear offshoot Zappos, announced the company would switch to a flat structure he called holacracy, but offered sceptical staff an alternative – a \$2,000 payoff. Within 10 months almost a fifth of the workforce had taken the money, many telling the press they were “confused and frustrated” and were uncomfortable taking decisions without the approval of a line manager. Zappos somewhat bullishly responded: “We have always felt like however many people took the offer was the right amount because we want a group of Zapponians who are aligned... to push forward the vision of Zappos.”

Hyde concedes TTP’s model is not for everyone. “We don’t hire people who wait for a mandate. We hire people who are tenacious, take responsibility and act. They know we trust them. Some people prefer proscribed well-specified tasks in a job, which is fair enough, but we have to ensure we don’t hire them.”

But, says McEwan, such people can still significantly enhance their career prospects in a flat structure. “You may not get the badge, but you learn to be politically savvy, to navigate your way through an organisation’s landscape. That’s a vital skill you can take away to any organisation.”

But with so many decision-makers, albeit theoretically going in the same direction, there are inevitably disagreements – so how does a flat hierarchy manage conflict? “With autonomy comes responsibility,” says Hyde. “And where there is too much divergence or if someone’s not taking responsibility, or is seen not to be really fitting in with the overall aims, the first step is to open their eyes to it and help them learn from it.”

Flat structure managers face other challenges too, as McEwan explains. “With some clients, in some cultures, notably the Far East, there is a clear need to know who you are sending to which meeting and where they sit in your organisation – and that understanding also clarifies who to escalate any issues. Over-democratisation can be too ambiguous for a client – and for staff, too. If you’ve got everyone involved in a project, that causes potential resentment in those who aren’t selected. And then if power is measured by knowledge, that could start to restrict the sharing of information between colleagues. Then the democracy may be compromised.”

“If you remove the structure, do you remove the cohesiveness of the organisation?” asks Hyde, whose company employs 450 people. “No – as long as you keep the communication and the fluidity and the common purpose. We spend time learning from each other, sharing expectations and insight to what works and what doesn’t. That informal interaction is the glue, and it’s all very dynamic. As long as we work to keep that, we can maintain a flat structure that has served us so well for 30 years.”

But while flat structures have worked particularly well in some businesses, McEwan argues that as an organisation grows, they must be prepared to create elements of hierarchy while maintaining everything that is good about the flat culture.

“Flat structures are supremely effective in some organisations,” he says. “I like the fact they’re not about old men smoking cigars and taking long lunches on the top floor. But there is a tipping point, which arises from growth and especially globalisation.

“As you become bigger and more geographically diverse you need a greater clarity of ownership, process and procedure, and you do need to create some hierarchy to manage the growing machine. Senior people need to be confident about letting go of projects, not being sucked into the detail of them, but empowering others to make decisions and feedback as required.

“Ultimately this is about businesses finding the right balance for themselves at any given point in time. There is no right or wrong answer – this is one of the paradoxes of leadership.”