

Ricardo Semler Won't Take Control

by Lawrence M. Fisher

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The Brazilian CEO and best-selling author transformed his pump plant into a model of participative management, and launched his company on 14 straight years of double-digit growth.

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Semco Group Chief Executive Ricardo Semler at his impromptu office — a coffee shop near his company's headquarters

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Lawrence M. Fisher

(fisher_larry@strategy-business.com), a contributing editor to *strategy+business*, covered technology for the *New York Times* for 15 years and has written for dozens of other business publications. Mr. Fisher is based in San Francisco.

Like many chief executives, Ricardo Semler used to wonder what would happen to his company if he were hit by a truck. One night in February 2005, he found out — while driving 85 miles per hour on a highway in Brazil.

Miraculously, he was still alive within the 20-inch pancake of crushed steel and shattered glass that remained of his car. Also miraculously, his company, Semco Group, of São Paulo, Brazil, carried on seamlessly during the months he spent lying in intensive care and recuperating from the multiple surgeries he needed to repair his broken neck and battered face. Numbers were met, deals were closed, and business continued pretty much as usual.

Mr. Semler, 46, is the leading proponent and most tireless evangelist of what has variously been called participative management, corporate democracy, and “the company as village.” As proposed 45 years ago in a book called *The Human Side of Enterprise*, by Douglas McGregor, one of the founders of the field of organizational development, participative management says that organizations thrive best by trusting employees to apply their creativity and ingenuity in service of the whole enterprise, and to make important decisions close to the flow of work, conceivably including the selection and election of their bosses. Underneath this is a view of human nature that Professor McGregor called “Theory Y,” which holds that ordinary people don’t have to be managed with the “carrots and sticks” of incentives and controls. Instead, people are naturally capable of self-direction and self-control, even in a corporate or bureaucratic setting, if they’re committed to the organization’s goal and if they are treated as mature adults who can learn from their actions and errors. Participative man-

agement has inspired a fiercely dedicated following, and many managers find it appealing and compelling in principle, but it is often dismissed as utopian and naive in the real world of conventional workplaces.

Even among the true believers, though, Mr. Semler is in a class by himself. His credentials as a thinker are impressive: He has gained a worldwide following as both a guest lecturer at Harvard Business School and MIT’s Sloan School of Management, and an author with a long list of bestsellers to his name. But what makes Ricardo Semler all the more notable is the way he has put theory into practice. Many people have talked the talk of corporate democracy; his company walks the walk.

In the last two decades, Semco, a maker of industrial machinery like giant oil pumps and restaurant dishwashers, has operated as a real-world laboratory for Mr. Semler’s radical approach to leadership. For the most part, the Semco experiment has been a huge success. An investment of \$100,000 made in Semco 20 years ago would be worth \$5.4 million today — a rare record of profitability that by all accounts stems directly from the participative management approach that Mr. Semler champions.

“I just wish that more people believed him,” laments Charles Handy, the British management guru and social philosopher. “Admiring though many are, few have tried to copy him. The way he works — letting his employees choose what they do, where and when they do it, and even how they get paid — is too upside-down for most managers. But it certainly seems to work for Ricardo.”

Mr. Semler’s Planet

To see Semco’s approach in action, just visit the company’s pump plant on the outskirts of São Paulo. This operation bears about as much resemblance to a traditional factory as the rainbow hues of its walls — the choice of the employees — do to industrial gray. Forget about foremen barking out orders to passive proles. On any given day, a lathe operator may himself decide to run a grinder or drive a forklift, depending on what needs to be done. João Vendramin Neto, who oversees Semco’s manufacturing, explains that the workers know the organization’s objectives and they use common sense to decide for themselves what they should do to hit those goals. “There’s no covering your ass,” says Mr. Neto. “The intent is to get straight to specific targets.”

Semco’s 3,000 employees set their own work hours

and pay levels. Subordinates hire and review their supervisors. Hammocks are scattered about the grounds for afternoon naps, and employees are encouraged to spend Monday morning at the beach if they spent Saturday afternoon at the office. There are no organization charts, no five-year plans, no corporate values statement, no dress code, and no written rules or policy statements beyond a brief “Survival Manual,” in comic-book form, that introduces new hires to Semco’s unusual ways. The employees elect the corporate leadership and initiate most of Semco’s moves into new businesses and out of old ones. Of the 3,000 votes at the company, Ricardo Semler has just one.

In Mr. Semler’s mind, such self-governance is not some softhearted form of altruism, but rather the best way to build an organization that is flexible and resilient enough to flourish in turbulent times. He argues that this model enabled Semco to survive not only his own near-death experience, but also the gyrations of Brazil’s tortured politics and twisted economy. During his 23-year tenure, the country’s leadership has swung from right-wing dictators to the current left-wing populists, and its economy has spun from rapid growth to deep recession. Brazilian banks have failed and countless companies have collapsed, but Semco lives on.

“If you look at Semco’s numbers, we’ve grown 27.5 percent a year for 14 years,” says Mr. Semler over a cappuccino at one of São Paulo’s sidewalk cafés on a lovely fall day. He conducts many work-related conversations here; the ultimate hands-off leader, Mr. Semler doesn’t even keep an office at Semco. “Here’s why: Our people have a lot of instruments at their disposal to change directions very quickly, to close things and open new things.” Flexibility is the key, he says. “If we said there’s

only one way to do things around here and tried to indoctrinate people, would we be growing this steadily? I don’t think so.”

Those four words, “I don’t think so,” delivered with a Brazilian Portuguese lilt, represent Mr. Semler’s standard answer to corporate dogma, assertions that something he wants to do cannot be done, and even overly doctrinaire interpretations of the participative management concept. Mr. Semler is not a particularly self-effacing or humble advocate of human potential; his assurance in argument is legendary. In conversation, in teaching, and in his books *Maverick* (Warner Books, 1993) and *The Seven-Day Weekend* (Penguin/Portfolio, 2004), he puts forth participative management as not just a pragmatic path to business success, but also a healthy and enjoyable way of life. Mr. Semler has a law degree he has never used and no advanced business degree, but the success of his books and the entertainment value of his message have helped him become a frequent guest lecturer at Harvard Business School and MIT’s Sloan School. To executives and graduate students alike, Mr. Semler insists that his is not some quirky South American survival story, but a real-life lesson in making the work world work better.

To be sure, his message is not always well received, at home or abroad. “What planet are you from?” is one of the more polite questions Mr. Semler has fielded from Brazilian politicians. The Federation of Industries, representing Brazil’s corporate leaders, has publicly accused him of undermining managerial authority. The local business press has both lauded him with awards for progressive leadership and blasted him for letting Brazil’s powerful unions gain the upper hand. In response, he says that managerial authority is an illusion, and that

For 20 years, participative management has enabled Semco to survive the gyrations of Brazil's tortured politics and twisted economy.

since the influence of unions is a fact of life that isn't going to go away, Semco is the stronger for engaging them rather than fighting.

Even in academic circles, usually more accepting of radical innovation, he's met with some skepticism. "He has reified all these precepts from the early days of participative management, the '40s," says Warren Bennis, one of the most prominent scholars in the field of leadership and management, and an early protégé of Douglas McGregor. "Letting the employees elect officers to the company with periodic votes, almost like a true democracy — this is the most advanced, progressive, and, to my view, problematic way to practice participative management. There's nobody else I can recall at the head of a company who has subjected himself so thoroughly to the most radical elements of that term."

And while Mr. Semler is accustomed to commanding attention, he has no illusions about easily winning minds. "Semco is bucking not only the traditional business model, we're resisting a code of behavior at the very core of Western culture," he writes in *The Seven-Day Weekend*. "No wonder our ideals are hard for outsiders and other companies to embrace."

The Family Maverick

In the reception area of Semco's offices in the Jardim Marajoara district of São Paulo, visitors are greeted by a bronze bust of Antonio Curt Semler. The Austrian-born immigrant founded the company 50 years ago, initially to produce his patented vegetable oil centrifuge. By 1980, the company had evolved into a supplier of major equipment for shipbuilders, and today Semco offers a diverse range of products and services, from air conditioning components for office towers, to inventory man-

agement and environmental planning. The company also has joint ventures in such areas as building maintenance and mail processing with several multinational corporations, including Coldwell Banker, Pitney Bowes, and Johnson Controls.

At a casual glance, Semco's headquarters look uncommonly tidy. The rooms are bright and airy, the walls decorated with contemporary Brazilian art. But noticeable by their absence are offices, administrative assistants, and even cubicles. Instead, there are workstation pods — round tables with four low dividers and network plug-ins for laptop computers. At any given moment, a gray-haired senior executive may share a pod with a couple of 20-something recruits fresh from school. Small conference rooms are set aside for private conversations, but most meetings are open to anyone, of any rank, who wishes to attend.

The bust of Curt Semler, as he is known, looks remarkably like his son Ricardo, and in turn like Ricardo's 5-year-old son, Felipe. Curt Semler always intended to turn the company over to Ricardo, but the transition was not easy.

Ricardo hadn't wanted to join the family business, preferring to ply his Gibson Les Paul in a series of striving São Paulo rock bands during the mid-1970s. But he tired of earning next to nothing playing one dank club after another. So in his late teens, Ricardo went to work at Semco. By age 20, in 1979, he had a lofty title as assistant to the board of directors, but he was frustrated that his responsibilities remained minimal, and his ideas for diversifying Semco were mostly ignored. Between 1975 and 1980, Semco's operating earnings had evaporated as the Brazilian shipping industry, then its primary customer base, weathered a deep decline. Yet the company's

senior management refused to consider entering other businesses. The company limped along, its only earnings from investment income. Tired of fighting with his father and being condescended to by the old guard, Ricardo threatened to leave the company, and even initiated the acquisition of a business of his own.

Rather than watch his son walk away from his legacy, the elder Semler made a surprise move. In 1980, while Ricardo was in law school, Curt named 21-year-old Ricardo president and shortly afterward left on a long European vacation, saying only, “Do what you need to do.” When Semco’s senior executives insisted on waiting out the moribund shipping industry, Ricardo’s response was to fire 60 percent of top management in a single afternoon. The departing executives took a lot of company know-how with them, and frightened customers demanded their return, but Ricardo stood firm.

At the outset, the younger Semler’s change agenda had nothing to do with lofty ideals like participative management, and everything to do with jump-starting Semco’s stalled growth and returning the company to profitability. Toward that end, he hired a succession of get-tough managers and launched a series of strategic acquisitions, in areas like food-processing equipment, aimed at reducing the company’s dependence on the shipping business. Semco did grow, and rapidly. But the new emphasis on productivity and meeting ever more ambitious growth projections was a strain on the organization, steadily worsening employee relations and bringing Ricardo to the brink of physical collapse.

He was just 25 years old when he passed out during a visit to a pump factory in New York. A battery of tests identified the problem as acute stress and prompted Mr. Semler to think hard about his life and Semco. That’s when he had his epiphany: He had succeeded in diversifying the company, and stanching the flow of red ink, but it had become an unhappy place to work, and he had exhausted himself in the process.

“Semco appeared highly organized and well disciplined, and we still could not get our people to perform as we wanted, or be happy with their jobs,” he wrote later in *Maverick*. “If only I could break the structure apart a bit, I thought to myself, I might see what was alienating so many of our people. I couldn’t help thinking that Semco could be run differently, without counting everything, without regulating everyone, without keeping track of whether people were late, without all those numbers and all those rules. What if we could strip away all the artificial nonsense, all the managerial

mumbo jumbo? What if we could run the business in a simpler way, a more natural way?”

During his convalescence, Mr. Semler devoured the works of Peter Drucker, Michael Porter, and Henry Mintzberg, searching for a solution. But his inspiration ultimately came from a more unlikely guru, the former principal of a small, progressive teachers’ school whom Brazil’s dictators had forced out for urging his faculty and students to question authority. After he was fired, Clóvis da Silva Bojikian had worked unhappily in executive training at Ford Motor Company’s Brazilian subsidiary and at KSB, one of Semco’s competitors in the industrial pump business, where his notions of self-governance, patterned after the “Summerhill” model of student-directed education, were not well received. When Mr. Bojikian answered Mr. Semler’s want ad for a director of human resources, the two talked late into the night, and Mr. Semler began to see how Semco could become a more humane organization without sacrificing growth and profits. At the heart of their conversation was the conviction that employees who participated in important decisions would naturally be more highly motivated and make better choices than those who simply followed orders from above.

“I could see the opportunity to do more innovative work here, inside an organization,” says Mr. Bojikian, 72, who is, under Semco’s policy of rotating leadership, currently chief executive. “We wanted to demonstrate that the workplace could be a place of satisfaction, not of suffering. Work should be a pleasure, not an obligation. But this wasn’t just some humanitarian thesis. We believed that people working with pleasure could be much more productive.”

Road to Participation

Resisting their impulse to transform Semco overnight, Mr. Semler and Mr. Bojikian started with small steps. Noting that the company cafeteria was the subject of endless complaints, they asked employees for help in improving it, and wound up turning over food service management to a group of the workers themselves. The complaints stopped. From this beginning, it was easy to move on to letting workers choose the color of their uniforms and the paint on the factory walls.

The next step was to address working hours. A city of 15 million people, São Paulo is prone to paralyzing traffic jams; the wealthy cope by commuting by helicopter. For Semco’s factory workers, an eight-to-five workday meant a long, unpredictable commute. The solution



seemed obvious to Mr. Bojikian and Mr. Semler: Let the employees set their own hours, so they could all travel at nonpeak times. Skeptics within Semco's management ranks said it would never work, that an assembly line could not function with flexible scheduling.

But the anticipated hiccups never happened. "People had many meetings to figure out the logistics of the new process, and when the day came, they had arranged that certain groups would be sure to be at the factory at the same time," says Mr. Semler. "And they ended up having a core group arriving at approximately the same time, but it was the time that they wanted, not the time that we had scheduled. It is pointless and futile to spend your life doing something that is obviously incoherent or stupid based solely on the needs of the guy organizing it."

Next, they let employees set their own compensation. This was a more complex process, which involved hiring an analyst to benchmark pay levels across multi-

ple positions at 35 different companies. Average pay scales were established for comparable companies, to which Semco added 10 percent to help reduce employee turnover. And everyone's salaries, from that of the security guard at the factory entrance to Mr. Semler's own, were published for all to see. Peer pressure provided an efficient leveling mechanism.

Summarizing Semco's transition to a democratic workplace — a process that took nearly five years — makes it sound smooth and seamless, but there were plenty of bumps and false starts.

"We experienced a very turbulent period," recalls Mr. Neto, the manufacturing director who joined Semco in 1984 with the acquisition of Hobart Brazil. "We call it the watermelon truck. Imagine a truck full of watermelons, and you open the tailgate and all of them roll out. That's what it was like when we started asking people what they wanted, what they liked and didn't like. The company decided there were no taboos, they



could ask anything, and the company books were open,” he says. “But it’s much easier to say than to do.”

Mr. Neto notes you can’t implement corporate democracy by half measures. “These practices cannot be adopted piecemeal, because they only work when everyone in the organization knows exactly how everything works,” he says. “Some companies here in Brazil tried doing bits and pieces of what we do, but it never goes anywhere.”

Semco’s top-to-bottom commitment to participative management has yielded a remarkable degree of unity that has carried the company through perilous times. In 1990, the kleptocratic government of Fernando Collor de Mello froze citizens’ bank accounts and seized their assets, plunging the country into a deep depression and forcing Semco to consider layoffs for the first time. “If you open up everything, including the company’s books and board meetings, you’ll find that the employees are honest, responsible people. Our

employees understood the situation, and they knew we could not keep everybody. They themselves came up with the names” to cut, says Mr. Neto. “Most of our competitors in capital goods disappeared, and I’m sure that our culture was the bonding factor that kept us alive during that time and keeps us going now.”

Habits of Thought

How Semco built that culture became the subject of Mr. Semler’s first book, *Turning the Tables*, published in 1988, which spent four years on the Brazilian bestseller lists. Expanded and rewritten in Mr. Semler’s own English as *Maverick*, the book was translated into 29 languages and sold more than 1 million copies worldwide. Although Ricardo Semler the bon vivant had long been a boldfaced name in Brazilian newspaper gossip columns, by 1995 he commanded an international audience as an improbable business guru. His obvious warmth and humor still draw listeners in, even when his message contradicts everything they believe they know.

In speeches at management conferences, he often suggests that he can write the five-year plan for any company in that many minutes. “It says we will grow 5 percent this year, 10 percent the next, and 15 the year after that. Have you ever seen one that says we’ll grow 5 percent this year, then we’ll have a big loss, then we’ll be merged?” he asks. “I don’t think so.”

Or he may ask the assembled CEOs to write their corporate values down on a small piece of paper, in simple block capitals. During a break, he gathers the papers, shuffles them, and redistributes them at random. When the executives return, they find that the lists are nearly all identical, but for minor differences in order. That’s when Mr. Semler goes in for the kill: “Did anyone write

that we're going to make products that last only until the warranty expires, or that we're going to discriminate against women and minorities, but only when we won't get caught? I don't think so."

Then Mr. Semler segues into his perennial theme: the habits of thought that can change rigid, dehumanizing workplaces into engaging, productive ones. As he writes in *The Seven-Day Weekend*, "Our 'architecture' is really the sum of all the conventional business practices we avoid." Consider, for example, typical employee recruitment.

"It is like Internet dating," says Mr. Semler. "I'm always six foot, four inches, and I look like Brad Pitt; you are always Cindy Crawford or Angelina Jolie. In the recruitment process, we put out fraudulent stuff about the company, like we're going to double our earnings, leaving out that we're also transferring all production to Vietnam in a year. You forget to tell us that you have fits of rage, that you worked six months here, six months there, and it's not on your resume. Then we meet at a bar and decide to marry. What are the chances that is going to work?" he asks.

At Semco, by contrast, "We put out ads that are realistic," says Mr. Semler. "We don't have an HR department, so the person who has the opening will take the stack [of applications] and distribute it for review. We wind up with a group of 35 people in a room, 15 of whom are candidates. When that conversation ends, our people will pick three for further interviews. They'll come back several times. By the time we decide to marry, we know a lot about these people. That leaves us with 2 percent turnover in an industry with 18."

The CEOs and Sloan fellows who attend Mr. Semler's classes listen attentively, chuckle at the right moments, and take careful notes. But it's not clear what they take away from these encounters. "When he talks, it's a bit of smoke and mirrors," says Bruce McKern, director of the Sloan master's program at Stanford University's Graduate School of Business. "He challenges just about every shibboleth of corporate management, but it happens so quickly you're not quite sure what he has in place to replace them."

Mr. Semler has heard this before. "Bruce saw a 30-minute presentation, meant indeed to provoke — not much more can be done in such a short time. Of course the full Semco story has dozens of cases and examples that back the theories up." In addition, if you ask Mr. Semler about the sources of his ideas, you will hear about such stalwarts of management innovation as

Joseph Scanlon (whose "Scanlon plan," developed in the 1950s, involved labor unions in the governance of factories and made them accountable for results) and Wilbert L. Gore (whose company, Gore-Tex, has operated on participative principles since its founding, in 1958). The reading list in Mr. Semler's MIT courses includes work by Franz Kafka and Gabriel García Márquez. The most appealing aspect of the Semler theory and practice is the part that once seemed most threatening to conventional management: the embodied view of managers and workers as whole human beings, seeing life and work entwined in mutual commitment.

Ricardo Semler and his associates at Semco have gone even further than Mr. Gore in throwing away titles, rules, and institutional control, and what has emerged is a company that truly lives by its leader's precepts. With remarkable consistency, people describe Mr. Semler as a hands-off leader, fascinated by bold strategic moves but uninterested in implementation. It is a good thing, they say, that Semco's participative management — and the presence of a half dozen veteran leaders — allows it to be largely self-governing, because Mr. Semler is hardly ever there. "He doesn't like the day-to-day thing," says Mr. Neto, the operations manager. "He gets bored easily."

Still, Mr. Semler worries that he remains too influential. Although it's been a dozen years since he's had a desk at Semco and there are plenty of other people at the company who have check-signing authority, major decisions are often deferred until he returns from one of his many trips, and few big deals are closed without his presence.

That's the price, he concedes, of his personal magnetism. "At the company, no matter what you do, people will naturally create and nurture a charismatic figure," Mr. Semler says. "The charismatic figure, on the other hand, feeds this; it doesn't just happen, and it is very difficult to check your ego at the door. The people at Semco don't look and act like me. They are not yes-men by any means. What is left, however, is a certain feeling that has to do with the cult of personality. They credit me with successes that are not my own, and they don't debit me my mistakes. They give undue importance to what I say, and I think that doesn't go away."

That doesn't mean he always gets his way. Recently he and Mr. Bojikian lobbied for a potential recruit with many years of relevant experience, only to be outvoted by younger members of Semco's board who preferred a less seasoned candidate closer to their own age. Mr.

“By having so much stock, I have veto power, but in 25 years I’ve never used it because you can only use it once.”

Semler doubts the young man will succeed, but he went along with the decision for the good of the Semco system of participative management.

“By having so much stock, I have a loaded gun, but in 25 years I’ve never used it because you can only use it once,” Mr. Semler says. “If I veto someone, the next time they’re going to say, ‘Forget it; he’s going to do what he wants.’ They have to go through processes where they know they’re going to prevail.”

Of course, Mr. Semler’s ownership stake is a big reason that he is able to implement his managerial principles at all, and maintaining those principles is the primary reason Semco has never had a public stock offering. Also, with \$240 million in revenues and 3,000 employees, Semco is a relatively small company. But much of Semco’s growth and diversification in recent years has come through joint ventures with multinational corporations, most of which are publicly traded. Despite Mr. Semler’s best intentions, these entities tend to practice a diluted version of the democratic workplace.

“I don’t know that any American company could operate under his beliefs,” says Dan Sheffield, executive vice president of RGIS Inventory Specialists of Auburn Hills, Mich., which has a joint venture with Semco to service clients in South America, including Wal-Mart. Even in Brazil, “I’m not sure the supervisors walk the walk as thoroughly as Ricardo thinks they do. I’m sure Ricardo wants it that way, and probably has everything in place, but the people under him are maybe not as trusting as he is. Everyone would love to work in an organization like that, but how do you get there? The only way is for the company to have complete trust in you. We make them earn it first; we don’t assume the

trust,” he says. “Ricardo takes pretty big leaps of faith.”

Participative Philanthropy

Because there are limits to the leaps of faith that any for-profit enterprise can undertake and because he’s only involved with Semco to a limited extent these days, Mr. Semler has poured his energies into a philanthropic foundation, a think tank, a grade school, and an eco-resort. All are laboratories for further exploring what is possible when leaders relinquish control and allow rational people to pursue their goals unfettered by established rules and procedures.

In each case, Mr. Semler plays the catalyst, while surrounding himself with people who have often given up more exalted positions elsewhere to work with him. Their job is to implement the impractical.

Mr. Semler’s latest brainstorm is Hotel Botanique and Habitat dos Mellos, an upscale eco-resort and botanical garden, which is being built about 125 miles northwest of São Paulo in Bairro dos Mellos, a destitute village where unemployment had hit 38 percent. Scheduled to open in late 2006, the project is a study in contradictions, with all the luxuries essential to an international destination resort, but rigorously natural, with no televisions, no air conditioning, and exclusively locally grown, organic produce in its resolutely French restaurant. Guests will be among the world’s wealthiest, and most jaded, clientele, but Mr. Semler is committed to staffing the hotel with indigenous people drawn from the neighboring village.

What makes this enterprise pure Ricardo Semler is the democracy of its management structure. The trickiest part is his insistence that each guest feel that he or she is staying at a small inn and being served by the owner.

An avid traveler, Mr. Semler believes even the best hotels make guests work too hard. He intends to empower every hotel staffer to answer any wish at any time. If you're a guest and you want to go mountain biking, you won't have to call the activities desk to arrange it; you can just ask the nearest employee.

At a meeting of his leadership team, consultants from Cornell University's School of Hotel Administration and the Ecole Hôtelière de Lausanne do their best to explain why a traditional structure is still essential. Mr. Semler listens attentively and then poses a question: "Why does anything have to be done the way it's always been done?"

Later, Basilio Jafet, the hard-nosed real-estate developer brought in by other dos Mellos investors to keep Mr. Semler from losing all their money, confesses that he too finds the Semler ideas unexpectedly persuasive. "I was very skeptical, but I'm being transformed," he says. "Ricardo is not only charismatic, but very coherent in his ideas. He's against all common sense, but amazingly he's right and we are all wrong."

Mr. Semler's approach to dealing with São Paulo's enormous number of homeless children is just as iconic. He quietly pays the tuition of several needy youngsters at the Lumiar School, an experimental institution founded and funded by the Semco Foundation. "Whatever I do in terms of philanthropy, I do anonymously," says Mr. Semler. "I give to projects I don't control at all."

And they all function on the same democratic model that Semco uses. Thus the director at Lumiar's pilot school in São Paulo is a lively young woman named Lilian Kelian, with no background in education. Mr. Semler voted against her. "The parents wanted Lilian, so Lilian's the new director," he says. "The person we were backing had 20 years' experience as a school director. But the parents were more interested in the mind-set, the drive, and the belief system. And Lilian has a lot of qualities. She knows we lobbied against her, but now we work together and off we go."

Asked why true participative management is still such a rarity, Mr. Semler cites two elements that he says are in sadly short supply: "One, the people in charge wanting to give up control. This tends to eliminate some 80 percent of businesspeople. Two, a profound belief that humankind will work toward its best version, given freedom; that would eliminate the other 20 percent," he says.

Meanwhile, Semco has made Mr. Semler and some

of its other senior employees wealthy, and has given a few thousand more families a solid middle-class income in a country where the norm is masses living in desperate poverty and a tiny elite living with extraordinary wealth. Mr. Semler says he no longer worries about Semco surviving without him, and, unlike his own father, he has no intention of passing the company on to his son. And although he wants his ideas to be heard, he knows they are still an affront to most corporate leaders. "Semco is on the fringe of business thinking, which tends to be very conservative, by nature and design," he says. "Rethinking ways of doing business will rarely be popular or easily adopted. But we like it our way, and hope that we will sow some seeds out there." +

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