The Third Act Community Charter

(Feb, 2016)

1. Introduction

The Third Act as an organisation is formally adopting an organisational design based on 'self-organising and self-managing' principles. Such an organisational design is very different to the kind of organisational design we are used to in conventional organisations and therefore requires some explanation. There follows an introduction to the underlying 'principles, values, structure and processes' of self organising and self-managing principles.

(See also Appendix 1 which looks at some common misconceptions about self-organising and self-managing systems. Appendix 2 also describes how 'self-organising and self-managing' systems emerge from the next level of human consciousness. Appendix 3 then introduces our one page 'Declaration of Intent' which we invite those actively participating in the Third Act organisation to sign).

2. Principles

As described by Frederick Laloux[1] in his book *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage of Human Consciousness*, there are three principles that govern self-organising systems;

2.1. Self-management. Autonomous groups and individuals are enabled to self manage and self organize without the need for either 'hierarchy' or 'consensus'. This is based on each participants 'intrinsic motivation' to be involved and is guided by the processes described herein.

2.2. Wholeness. Where participants are encouraged to bring their 'whole' selves to what they do; mentally, emotionally, physically and spiritually. Vulnerability and 'not knowing' are assumed to be part of this.

2.3. Evolutionary Purpose. Where decision making is guided by the organisation's own evolutionary purpose, revealed to its members through listening into to what it might be.

[1] See Frederick Laloux. *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage of Human Consciousness*,

3. Underlying Values

The main principles of self-organising and self-managing systems are underpinned by a set of values that we capture under the headings of Trust, Integrity, Transparency, Mutuality and Frugality.

3.1. Trust becomes the medium in which our work is done. Provided each active participant has signed the declaration of intent and agrees to follow the advice process, they are 'trusted' to make whatever decisions they want without the usual checks and balances.

3.2. Integrity is not just about honesty in dealing with others but refers to each participants willingness to reflect on their own actions and to adjust accordingly.

3.3. Transparency is about being open about what you are doing and about sharing information and thoughts with your own group and with others where appropriate.

3.4. Mutuality highlights our desire to creative a collaborative environment (as opposed to competitive environment). It is our belief that a collaborative environment creates greater personal freedom and expression.

3.5. Frugality speaks to our desire to keep our costs down and to ensure we manage ourselves without unnecessary outgoings. It perhaps can also apply to other aspects of our organisation as yet to be defined.

4. Structure

The structure envisages autonomous groups (self-organising teams), working independently but along side each other, with few centralised functions, all guided by the principles, values, structure and processes outlined in this charter. Within each group autonomous individuaLS are supported in their actions by a willingness to subscribe to the group's vision and to be bound by the processes described below.

5. Processes

Different processes support the running and accountability of a self-organising system including the advice and conflict resolution process described below.

5.1 The Advice Process

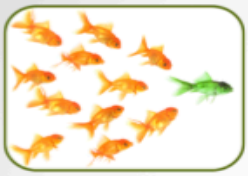
- While each member in a self-organising and self-managing system is empowered to make their own decisions within their group or area of interest, including spending decisions, they are obliged to follow the advice process. This ensures a very different but nonetheless effective form of 'accountability'. It follows three steps. In Step 1, the individual checks him/herself by asking 'how does my action serve the overall purpose of the organisation or group'? Step 2, the individual consults with anyone likely to be effected by their decision. In Step 3, the individual seeks advice from an expert in the field, where appropriate. Once this process is followed, the individual is deemed capable of making an informed decision and is therefore free to take action. Failure to follow the advice process can result in expulsion.

5.2 The Conflict Resolution Process

- This works on the assumption that individuals involved in a conflict are the ones primarily responsible for resolving it, rather than expecting anyone else to do it for them. This process also has three elements or stages to it. It begins with the individuals agreeing to meet face to face to try and resolve their differences. If that doesn't work they discuss it with others in their team and or bring in a coach to mediate (as opposed to a manager as there are none). If that doesn't work the conflict is brought before a council, which might include the founder, and other non-team members. Over time this three prong process ensures that all of the underlying issues are aired and those involved are given sufficient time to reflect on them. Failure to agree to follow the conflict resolution process can also result in expulsion

Appendix 1

FOUR TYPES OF ORGANISATIONAL DESIGN



TRADITIONAL. Follow the leader structure. Power is concentrated in the 'supreme' or 'divine' leader who takes responsibility and imposes order. Followers follow by faith or fear, e.g., Church, Monarchies, criminal gangs. The leader is the owner from whom the structure takes its lead. (Focus on the "I" of the leader).

MODERN Pyramid structure. Top down. Leader is still powerful but not supreme (checks and balances from shareholders, voters, customers, markets). Organisation aims for efficiency and effectiveness through being 'mechanical'. Employees are 'resources' motivated by 'carrot and stick'. **Great faith in 'process'**. Ends justify means. Needs of people and planet can easily be set aside. System blind to its own shadow.(Focus on the "it" of the organisation and its goals).

POST-MODERN. Flat structure. Bottom up. Pyramid is flattened & hierarchy abandoned. Language is different, 'stakeholders' now are owners. E.g. universities, other 'green' and overly PC organisations. Focus is on the "We" of culture, values and community. . People and values as the owner. Absence of structure and leadership can result in the 'tyranny of consensus'.

INTEGRAL. Self-organising structure. Living systems model. Mimics nature. Inter-connected teams of overlapping hierarchies thriving in a complex environment. Individuals 'intrinsically' motivated by autonomy, mastery and purpose. Leadership is distributed. Powerful organisational approach that Integrates the three domains of knowledge, the "I, We and It" (the individual, the cultural and the system). The network as owner.

Each of the four major organisational designs, 'Traditional, Modern, Post-Modern and Integral' are formed and are kept in place by a different level of consciousness, each of which has a different set of characteristics, underlying values and organisational needs.

- **A Traditional Organisational** structure is formed and kept in place by a Dependent or conformist level of consciousness. Power is concentrated in the leader, e.g., Church, Monarchies, criminal gangs. The leader is divine and is responsible for showing us the way. Followers are motivated by beliefs (a creed which gives the answer) as well as by a sense of mystery. Others are motivated by fear. The system is autocratic, inflexible and is strongly resistant to change. Suffers from the "myth of the leader" and is overly focussed on the "I" of the leader. Associated with an early stage of adult development in the self, it is captured in the Diplomat and Expert stages of adult development (Torbert), also known as The Socialized Mind (Kegan). Focus is onb survival, security & belonging needs (Maslow's Levels 1, 2 and 3).

- **A Modern Organisational** structure is formed and kept in place by an Independent and rational level of consciousness. Conventional structure. Power is top down, but the leader is no longer supreme; has a board of mgt, shareholders, market influences etc. The systems is meritocractic and yet employees are also 'resources' to be moved around in service of the organisation's needs. Motivated by 'carrot and stick'. Focus is on the "It", the organisation and its goals. Shareholders are the owners. Ends justify the means. Needs of people and planet easily set aside. Erratic and reactive, "we've a new strategy – we're now going this

way". Assumes the world can be known objectively. Great faith in process but blind to its own shadow. Little space for "soul". Depicted in the Achiever stage of adult development (Torbert), also known as The Self-Authoring Mind (Kegan). Self-esteem and reputation to the fore, Maslow's Level 4. Highly developed and independent ego but low on self-awareness. Overly rational with little sense of the mystery of life – it can all be known.

- **A Post modern Organisational** structure is formed and kept in place by an Independent and pluralist level of consciousness. The pyramid is flattened & hierarchy abandoned. Values and people have replaced goals and targets. Language changes, 'stakeholders' are now the owners. Focus is on the "We" of culture, values and community. Examples include, universities, non-for-profit and some 'green' and overly PC organisations. Talk a lot about change but can't agree on how to do it. Suffer from the 'tyranny of consensus'. Hard to get things done as everyone needs to be heard and included equally. Depicted in The Individualist stage of adult development (Torbert), also known as The Self-Authoring Mind (Kegan). Maslow's Level 4 ½. Detects the 'subjectivity' behind 'objectivity' but is not sure what to do with it. Gone is the confidence of the Achiever stage replaced by a more open, but less sure mindset. Can feel out of place in conventional organisations.

- **An Integral Organisational** structure (also know as TEAL) is formed and kept in place by an Inter-Independent level of consciousness. Mimics living systems in nature where the system itself becomes aware. An eco-systems model of inter-connected teams of self-organising hierarchies thriving in a complex environment. Underpinned by fundamental principles of 'self-management, wholeness and evolutionary purpose'. Only organisational approach that Integrates the three domains of knowledge, the "I, We and It". System liberates individuals to meet 'intrinsic' needs, i.e., beyond practical to being needs. What matters most now? What meaning and purpose is there to my life? How connected am I to my true self? The ego comes into view and is seen as a limit to further growth in the self. Leadership and control is distributed into the system. No talk of change or empowerment as that is part of the system itself. Eliminates bureaucracy. The network is the owner and holds the intelligence. Depicted in the Strategist and Alchemist stages of adult development (Torbert), also known as The Self-Transforming Mind (Kegan). Maslow's Level 5, Self-actualisation. Tracks journey from 'ego-to-eco-system' (Scharmer). Transcends & includes previous stages.

Appendix 2.

Misconceptions about self-organising systems

MISCONCEPTION 1. THERE IS NO STRUCTURE, NO MANAGEMENT, NO LEADERSHIP.

This mis-conception arises because people may think that if everyone is self-organising and self-managing, then where is the organisational control, individual accountability and leadership? Surely without a structure, management and leadership there would be chaos? There is of course 'structure, management and leadership' in self organising systems but they are very different. They are no attached to anyone individual or group of individuals at the top but rather they are embedded in the design of the system itself.

MISCONCEPTION 2. EVERYONE IS EQUAL

Self-organising systems don't resolve the problem of equality and power that exist in all human organisations but they do transcend it. Power is no longer seen as a zero sum game. The question is not, *'how can everyone have equal power, or how can power be equally distributed, but how can everyone be powerful'*? Self organising systems inherently acknowledge that everyone brings different skills, knowledge and experience and indeed 'commitment' to the organisation. What it does however is empower the system rather than the individual and creates an overlapping hierarchy of equally powerful groups of people each focussing separately on their own areas but also inter-connected to each other. Think of a fern and an oak tree in a forest. Each grows to its full potential but is also interdependent on each other.

MISCONCEPTION 3. ITS ABOUT EMPOWERMENT.

In conventional organisations power is held at the top and descends in an order of powerlessness to the bottom. Those with the least amount of power are then 'empowered' to keep them going. This assumes a carrot and stick approach; incentivise on the one hand (a carrot) and coerce/threaten on the other (a stick). Self-organising systems strip away the hierarchy and with it the need for empowerment. In self-organising systems people empower themselves, intrinsically, to what they are drawn to do, in service of the purpose of the organisation and in line with their own highest values.

MISCONCEPTION 4. ITS STILL AN EXPERIMENT.

Self-organising and self-managing systems have always operated in nature. The question is then, 'why have human organisations taken so long to recognise this'? There are however many successful organisations operating under this kind of organisational design. These include: Gore-Tex (since 1950), Wholefoods (and its 60,000 employees), The Orpheus Orchestra (since 1972), Sempco (in Brazil since 1980's). More recent examples include Wikipedia and Linux etc. The AA, an organisation of 1.8 million users, is also established on 'self-organising' principles. Another example is Berkshire Hathaway, run by Warren Buffett and Charlie Munger. Berkshire incorporates 80 separate operating businesses employing 300,000 people with a head office staff of just 24, i.e., there are no managers to manage the managers. As Charlie Munger says, *"we have delegated responsibility almost to the point of neglect"* and it has worked.

Appendix 3.

Declaration of Intent of The Third Act Organisation

We invite those interested in participating in the work of The Third Act organisation to sign this declaration of intent as an expression of understanding of the underlying principles, values, structure and processes of self-organising and self-managing systems which form the 'organisational design' that The Third Act organisation has adopted.

1. That they appreciate what it means to be bound by the underlying principles of 'self-management, wholeness and evolutionary purpose'

2. That agree to follow processes such as 'the advice process' and 'conflict resolution process' and others as may develop over time.

3. That they become familiar with the emerging thinking on self-organising and self managing systems[2].

Personal Declaration of Intent

NAME : ……..

DATE: …….
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[2] We recommend Frederick Laloux's book *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage of Human Consciousness*, as a foundational text to understand how a self-organising and self-managing organizational design would work.