



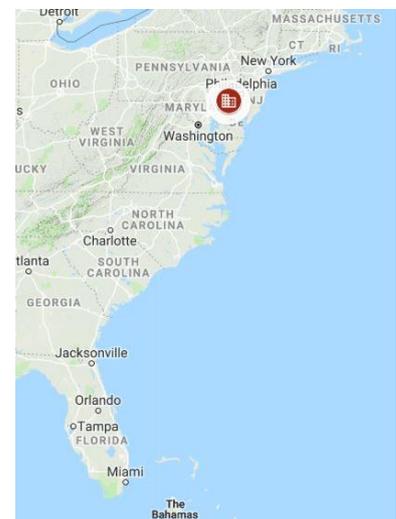
## W.L. Gore & Associates Inc.: Workplace Democracy in a Transnational Corporation

**Highlights** W. L. Gore and Associates (Gore) is a privately-held multinational company founded in 1958. Since its founding, it has operated through a lattice system of employee self-management which is said to verge on true workplace participatory democracy. Key features include a flat hierarchy in which the CEO is elected, self-managed work teams with small team sizes to secure ownership in collective decision-making, and free information flow. “Associates” (as the workers are known) step forward to lead when they have the expertise to do so; a practice referred to as “knowledge-based decision-making”.

### Introduction

Hierarchical, top-down decision-making is the norm in large private enterprises, reflecting a ‘Taylorist’ command-and-control ethic. In this model, workers rarely own substantial shares of their company’s capital, marginalising them *vis-à-vis* shareholders and managers. Decisions are usually made at the highest levels of management and passed down through managers before they are given as instructions to the majority of employees. While hierarchies can enhance management efficiency, they can also stifle innovation and drive disenfranchisement. By functioning under a different organisational structure, Gore breaks this mould.

The idea for Gore’s structure stems from William (Bill) L. Gore’s experiences working for DuPont in the 1950s. At the time, Bill Gore was attempting to create applications for



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polytetrafluoroethylene (PTFE), trademarked as Teflon by DuPont, but decided to leave the company when he felt that the “potential for innovative breakthrough seemed to be stifled there by hierarchical ways of organizing and decisions reached within a closed system of communication in the company.” So, in 1958, Bill Gore set up his own company in Newark, Delaware, USA.

### Timeline

1958	1962	1969	1976	2013	1958 – Present
Bill Gore founds W.L. Gore and Associates	Gore’s products are first used on a satellite in space	ePTFE is discovered by Bob Gore (son of Bill and Vieve Gore) – this paves the way for Gore-TEX manufacturing	Gore publishes “The Lattice Organization: A Philosophy of Enterprise,” which articulates the company’s four guiding principles	Number of associates tops 10,000	Company expands into Europe, Asia, Middle East, and the Pacific and into new products used in medicine and aerospace exploration

### How It Works

At Gore, there are no strict hierarchies, nor a corporate ladder, but rather a lattice system of employee self-management. Key features include an almost flat hierarchy in which the CEO is elected, self-managed work teams with small team sizes to secure ownership in collective decision-making, and free information flow.

Employees fall into three broad and shifting categories: associates, sponsors, and leaders. Before an associate is hired, he/she must meet and agree to mentorship from a sponsor – an associate who must “take a personal interest in the new associate’s contributions, problems, and goals, and serve as both coach and advocate”. Sponsors don’t manage new employees but rather help them to understand and fit into Gore’s system, and all associates are responsible to their team, not an individual.

Leaders are associates that step forward to lead when they have the expertise to do so. Through this practice of “knowledge-based decision-making”, decisions are made by the person with the most relevant knowledge, not by those who are ‘in charge’. Leaders come into their positions by gaining followers through demonstrated ability to complete tasks and build teams. As an example, when Bill Gore retired and it was time to choose a new CEO, or company leader, a company-wide survey asked: Who would you be willing to follow? The survey had no suggested answers; employees were free to write any name they wanted. As the leader of the company chosen by its associates, Terri Kelly, said:

Gore is designed around trying to drive individual ownership and empowerment. They do have divisional leaders and functional leaders, but the difference is how they behave in these roles and how they get there.

Compensation for associates at Gore consists of three components: salary, profit-sharing, and an Associates Stock Ownership Programme (similar to a conventional Employee Stock Ownership Program, or ESOP) – which makes all associates shareholders. Profit-sharing gives employees greater incentive for improving company performance by directly linking pay and performance. It also reduces barriers between associates at different levels because everyone benefits, rather than only senior management. Furthermore, salary reviews are conducted by a compensation team consisting of other associates at the same work site and by the associate’s sponsor, who advocates for him/her and makes sure he/she is fairly paid for his/her contributions.

### Enabling Participation

The functionality of the system depends on complex personal interactions and self-organising teams that come together and dissipate as needed. In order to facilitate these personal relationships, none of the company's physical facilities are allowed to grow beyond 200 employees. This ensures a sense of ownership in collective decisions and facilitates genuine face-to-face communication.

According to Gore, lattice organisational structures have six main characteristics:

- Communication is person-to-person and direct without intermediaries;
- Authority is neither fixed nor assigned;
- There are no bosses;
- Leadership is defined by followship;
- Objectives are set by those who action them; and
- Commitments take the place of tasks and functions.

### Outcomes

Gore has demonstrated that it is possible for large, multinational corporations to not only survive but also thrive while maintaining employee self-management. From starting in W.L. Gore's basement in 1958, the company has grown to more than 10,000 associates and makes more than 3 billion USD in revenue annually. It is a leading global brand in breathable fabric membranes, and has diversified its product range largely thanks to employee-driven innovations, with successful products in areas including musical equipment (guitar strings), dental hygiene (floss), and medical equipment.

While a lattice method of employee self-management is not without its challenges, Gore has consistently ranked as one of the top 100 companies on the 'Great Place to Work' survey since the survey began in 1998, proving that alternative business models are profitable and improve employee satisfaction.

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**Image:** [Shoe assembly line in a factory in that uses GoreTex](#)

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