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# PARTICIPATORY MANAGEMENT

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AN OVERVIEW AND CASE STUDY OF HIGH  
INVOLVEMENT CULTURES AT WORK



## Participatory Management

An overview and case study of high involvement cultures at work

### About Project Equity

Our mission is to foster economic resiliency in low-income communities by demonstrating and replicating strategies that increase worker ownership. We envision a future where communities (re)gain economic self determination and today's working poor have good jobs that keep them out of poverty and enhance their lives. We see cooperatives and employee ownership as key elements of this future. For more information please visit [project-equity.org](http://project-equity.org).

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# WHAT IS PARTICIPATORY MANAGEMENT?

Participatory management (PM) is a management philosophy and approach in which employees at all levels of an organization are engaged in planning and decision-making to optimize organizational effectiveness. PM emerged in the first half of the 20th century, spurred by the research and frameworks provided by Kurt Lewin and Rensis Likert, among others. The term gained wide recognition in the 1970s and 80s but has largely dropped from management literature since then, replaced in part by discussion of High Involvement Work Practices (or HIWPs), a similar concept. PM is of particular interest to advocates and practitioners of employee ownership (EO) because of the synergistic relationship between PM and EO, and it is increasingly relevant to any business or organization given the growing value that workers and companies see in employee engagement.

Participatory management in its full expression combines an organizational **structure** that is designed for participatory management, with managers who lead and manage with a participatory **style**. PM can be applied in a range of work areas and using a variety of management techniques. The most common work areas where studies show PM in practice are basic work processes (such as self-pacing), communication (e.g. employee surveys, information sharing), training and development, and goal-setting (whether for individual goals, as in “MBO” processes, or organizational goals, as in participatory strategic planning). Perhaps the least common but highest impact area for participation is in engaging non-management employees in greater decision-making roles. Open Book Management, the practice of sharing company financial information with employees, is a kind of participatory management that has become widespread since the 1990s.

A number of myths and misperceptions contribute to the challenges of PM. It is perceived to be a soft practice, when in fact it is quite rigorous and disciplined;



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it can take longer to make decisions, but the implementation of such decisions can be faster and more effective with PM; and it is not an “all or nothing” undertaking, where all decisions or aspects of the organization must become participatory. Rather, the quality of participation matters much more than the quantity.

Two challenges in implementing PM are the need for consistent follow-through to share results of participants’ contributions, and the required discipline of transparency around decision-making processes. The greatest challenge, however, is the challenge of finding good managers, which is not unique to participatory management. In 2015, Gallup estimated that only one in ten people has the innate talent to manage well, while others can learn to be good managers with the right coaching and development.

Following are some principles to help guide effective implementation of participatory management:

- Be clear who the decision-makers are when seeking others’ input
- Follow through so participants know the impact of their input and the reason for key decisions
- Work toward pushing decision-making down to the lowest effective level
- Support employees’ development so they can participate and contribute successfully
- Train and coach managers in participatory processes and leadership styles
- Measure results to inform and motivate participation

There is a strong business case for participatory management, suggesting it can help solve vexing challenges such as the employee engagement crisis, the changing nature of work, and the opportunity for broader wealth distribution through employee ownership.

## CASE STUDY

### New Belgium Brewing



Most visitors who tour the Fort Collins, Colorado “mothership,” as employees fondly call the headquarters of New Belgium Brewing (NBB), do so for the beer experience, but many come away equally excited about the employees’ passion and what the company calls its “high involvement culture.” New Belgium has been honored many times for its corporate culture and business performance, including making Outside Magazine’s list of Best Places to Work almost every year, and

being chosen by BTheChange media as the top performer of all the “Best for the World” companies among certified Bcorps in 2016 (Foust, 2016).

New Belgium became famous both for being a great workplace and, more recently, for being employee-owned. Co-founder and Executive Board Chair Kim Jordan started the company in 1991 with her then-husband and turned it into an employee-owned company, initially establishing an Employee Stock Ownership Plan (ESOP) in 2002 and transitioning from 41% to 100% employee ownership in December 2012.

The company’s website proclaims: “We believe that our dedication to high involvement culture and a loving, high performing workforce sets us apart. We believe that the collective is stronger than the individual and that informed coworkers will make responsible decisions.” Some of the hallmarks of New Belgium’s high involvement culture include:

- **In-depth onboarding:** multiple days of orientation for new employees, with an introduction to the company’s values on Day One and exposure to all departments, as well as direct experience with the company’s product: pouring beer for actual consumers (Weirich, 2016).
- **Rituals and appreciation:** A free cruiser bike given to each employee after one year of service, at which time one enrolls in the Employee Stock Ownership Plan and is celebrated at an ownership ceremony in which each new employee-owner speaks in front of the entire company. After five years of service, employees get an all-expenses-paid beer tour of Belgium.

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## CASE STUDY

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### New Belgium Brewing continued

- **Participatory planning:** monthly all staff meetings at which hundreds of co-workers learn about what is going on at the company, and an annual strategic planning retreat that focuses on both team building and strategy development. NBB's website boasts that "We gather input from ALL coworkers as Employee Owners, to help make decisions about the upcoming year's business plan" (New Belgium Brewing, 2017). As Kim Jordan described it in her 2011 TedX Talk, employees engage with six or seven major issues at the retreat, discussing them in small groups, and guide the leadership in "what they should be thinking about" as they develop the annual plan. "So," Jordan said, employees "are totally involved in the business of running the business." Employees also learn and contribute through committees such as the Wellness Committee, the Ownership Culture Group, the Sustainability Team, and the Capital Expenditures Group (Stoneman, p. 8).
- **Open Book Management:** a practice of sharing company financial information with employees. NBB shares all financial information, except individual salaries. As Kim Jordan said in her TedX Talk, "We learned about the power of transparency and trust and relationship in community by the practice of open book management" (Jordan, 2011).
- **Employee ownership:** stock and profit sharing as well as the ability to make decisions that affect their work. "Engagement is an outcome of this ability," said Jennifer Briggs, then NBB's Director of Human Resources. "Now people are more engaged, because they're able to [share ownership of both profits and decisions], so that's an outcome" (Briggs 2014).
- **Managers as coaches:** New Belgium "promotes managers that are strong team facilitators and coaches, innovative and open-minded thinkers" and equips them with a variety of on-site learning opportunities. A manager's role is to be very hands-on in helping new employees learn their jobs, then to support their self-directed learning, model good decision-making, and create "strong sub-communities that are aligned with the larger organization" (Stoneman, p. 3).

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## CASE STUDY

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### New Belgium Brewing continued

- **Results:** New Belgium has an enviable 93% employee retention rate and is highly profitable. In 2016, it pulled off a major expansion with the launch of its \$175M+ brewery in Asheville, NC, and its products are now sold in all 50 states. Quality of life for the company's co-workers apparently remains high, as evidenced by its presence in 2016 on Outside Magazine's Top 100 "Best Places to Work" list. Health and Wellness benefits have expanded with an on-site physician and numerous wellness programs (Weirich, 2017). NBB consistently gets high ratings for benefits on Glassdoor.com.
- **Challenges:** With rapid growth come growing pains, and New Belgium is no exception. In 2015, the Denver Post reported that New Belgium was seeking a buyer, something that company leaders chalk up to the board's obligation, under ESOP law, to consider any viable external offers on behalf of employee-owners. As a large craft beer company, however, NBB may struggle to resist acquisition offers and to find a stable leadership position in the middle ground between small regional craft breweries and the mainstream mega-brewers. In August 2017, the company hired a new CEO, its first from outside the company, from Beam Suntory, a subsidiary of the Japanese multinational Suntory Holdings, which makes various kinds of spirits.

As it grows, New Belgium not only has two major operations thousands of miles apart from each other, but also many more remote employees who do sales throughout the 50 states; this makes it harder to maintain company culture and employee engagement. In December 2017, Kim Jordan spoke about "The Future of Business" at the Social Venture Network's 30th Anniversary Conference. While still touting the high involvement culture and employee ownership at NBB, she volunteered that getting people to act like owners is a challenge. Her emphasis is on "better stewardship" and getting people to really embrace both the responsibilities and benefits of ownership. As former HR Director Jenny Briggs says, "it's a simple concept, but it's hard to do. Simplicity is not easy" (Briggs 2014).

## ————— TO LEARN MORE —————

To learn more about New Belgium Brewing, see the resources cited in this case study:

- Briggs, J. (2014, August 15). [Talking Talent with Bill Kutik: Jenny Briggs, New Belgium Brewing](#) (video).
- Jordan, K. (2011). [Brewing Happy Employees. TedXFoCo](#) (video).
- New Belgium Brewing (2018). [What We're About](#).
- Stoneman, D. (n.d.). [New Belgium Brewing Company: Brewing Product, Passion and Possibilities. Winning Workplaces and Hitachi Foundation](#) (case study PDF).
- Weirich, B. (2016, December 15). [The New Belgium Brewing Employee Retention Model](#) (podcast).

To learn more about our work with participatory management in employee-owned companies and about employee ownership, see Project Equity's [publications](#) and [sign up for our e-newsletter](#).