



Eight Minutes, Not Eight Hours



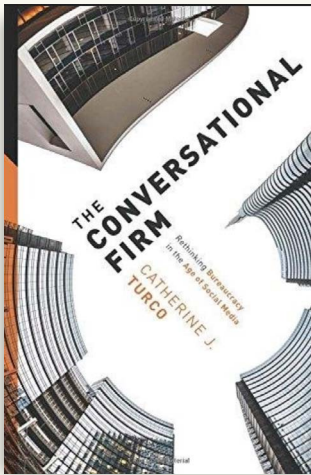
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The Conversational Firm

Rethinking Bureaucracy in the Age of Social Media

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This book is a scientific study of the inner workings of “one of the fastest growing private companies in the country,” which the author refers to as TechCo to maintain its anonymity. The company designs software for social media marketing. The fundamental principle of its workplace, which is made up of about 600 people with a median age of 26, is radical openness. TechCo is not a “flat” organization that rejects higher and lower position levels, but rather it prioritizes the employee voice without giving up its traditional hierarchy when making decisions. This is only possible, says Turco, because the company has built itself in direct response to social media. She argues that conversations are taking place at TechCo “that are entirely new to the corporate world.”

Companies around the world are experimenting with new models of communication flow, and researchers are taking notice. **Catherine Turco** from MIT Sloan School of Management spent the better part of a year embedded in one of the top social media marketing firms in the U.S. **Her goal was to learn whether a culture of truly open conversation can and should be achieved in a corporate context.**

Key Quote:

“Because organizations are collective entities, they can only come to know themselves through collective reflection, and that, it seems, is the real power of a conversational firm.”

KEY POINTS AND CONCEPTS

Introduction

TechCo's workplace culture was built upon the belief “that social media had created new customer and employee expectations in the market” (p. 1). One of the co-founders suggests that “technology has radically changed how people live and work, but most companies haven't caught up” (p. 15).

TechCo is able to achieve a more distinct separation between communication and decision-making structures than researchers ever thought possible. This is in part because of a newly increased capacity for open communication as a business model, and Turco argues that it has fostered “a more engaged workforce and a more adaptive organization” (pp. 8-9).

The Social Revolution

For TechCo, openness means “‘radical transparency’ and ‘tons of sharing’ of information with the workforce so that employees [can] participate in the firm’s decision process” (p. 14).

The online presence of the business externally is marked by an informal, conversational tone that attracts not only customers but also prospective employees, who are often “cult followers” of the company before joining its workforce (p. 19).

Open Communication

To illustrate just how open TechCo’s communication is, Turco describes a situation involving a sharp drop in customer subscriptions—which can often spell disaster for a company long-term. The COO wrote a post on the company’s internal wiki about this issue happening in tandem with decreased customer satisfaction. He attached a 138-page analysis from a recent executive meeting, which included detailed P&L sheets, financial projections, and other charts and graphs.

Hundreds of employee suggestions and questions poured into the wiki comment section, to which executives responded actively. To facilitate a more structured conversation, the company held a voluntary, organization-wide “hack night” with pizza and beer.

In the end, Turco concedes that these sorts of gestures did in fact contribute to a rational and critical debate that “often led to productive resolutions” (pp. 28-29, 46).

Executives stretch the idea of sunlight as the best disinfectant to say that transparency enables better decision-making and even strengthens their power. Turco argues that this is only possible through changes to behaviors and expectations brought about by social media (pp. 34-35).

But just how effective is this strategy?

Turco probes into this question by sitting in on countless employee conversations, some of which are formally instituted by TechCo between employees of various ages, tenures, and functions. Over the course of her time there, she came to believe that the conversational strategy yields a “uniquely informed and involved workforce” (p. 35).

The author also questions the amount of noise this information-sharing produces, but concludes that “because the information executives share has the potential to distract [and draw attention] ... it creates a workforce capable of adopting a more global perspective on the business” (p. 37).



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There are other drawbacks to placing employee feedback in such a public context. Many people disengage to avoid the fray and endless counterarguments that inevitably arise on the wiki and the corporate HipChat (although, Turco found that questions usually had a constructive solution in the end). In a way, transparency, real innovation, and contrarian thinking are less frequent when employees use public channels to differentiate or self-market themselves. This leaves executives with skewed perceptions of what is really going on in the workplace (pp. 49-57).

Open Control

To her surprise, Turco realized that employees throughout the organization wanted “greater hierarchical control” (p. 68). Researchers are seeing a greater correlation between how a workforce was parented and how it is best engaged in the workplace. Considering “intensive” or “helicopter” parenting, in which clear structures are present and directions are explicit, it follows that employees would want clear chains of command and hierarchy even as they enjoy the freedom to navigate widely within those boundaries.

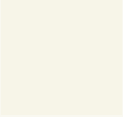

In Turco’s words, “having the opportunity to express one’s opinion... is valued, even when the final decision is out of one’s control. It is possible that voice rights are even more important than decision rights” (pp. 70-73).

Openness Controls


Turco found that employees were very well aware of how public their lives are. TechCo’s communication approach makes the workforce aware that they are always representing whomever they work for and that social media is a way to push their own personal brand (p. 94).

The company’s meager social media policy (simply, “use good judgment”) was challenged when an employee left a rude comment about another commenter on a public blog, not realizing he was logged into Facebook with the subtitle “Works at TechCo” under his name. The issue quickly erupted online and was linked back to TechCo. The company allowed the employee to keep his job and learn from what happened. Instead of using the event as a way to control employees by enacting new policies, the executives’ action was a testament to their commitment to openness (pp. 97-102).

Although the decision-making mechanisms within TechCo are hierarchical, their hands-off management style is not. From her conversations with executives, Turco learned that the company prefers to “live with some mistakes than to adopt rigid requirements that try to correct for every past misstep and preempt future ones, ‘punishing the many for the few and the hypothetical’” (p. 103). In a way, the whole system of social media yields the knowledge that they are answerable to the firm and that social media will out any transgressions (p. 104).



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Open Culture


The co-founders considered hiring a consultant to document and define their culture, but it seemed fundamentally against their culture to do so. The CEO eventually built a “Culture Deck” that they published online after releasing internally. One executive pointed out that making their culture so widely known actually served as a recruiting tool that allowed the company to preemptively “manage by culture instead of by hierarchy” (p. 109). It was also a powerful marketing tool because their customer culture is their workplace culture (pp. 106-113).

Although it drew record sales for the company, this public release caused a marked downtick in internal morale as employees complained that the deck misrepresented their real culture. For decades, scholars have studied two streams of this inherent tension, with gaps being always present between the two. As Turco sees it, “culture inside the company was not something written but something lived—not a list of ideal, even if generally accurate beliefs and values set out on flashy slides, but the inexorably messier way in which things really got done on the ground” (p. 117).


A Conversation About Bureaucracy

Seeing HR as the standard mark of bureaucracy, TechCo didn't have such a department until it reached 350 employees. By that point, they lacked standardization and clarification of performance reviews, maternity leave policies, and even lines of reporting (pp. 129-130).

Their model “was not predicated on an absence of all bureaucratic practices, but rather on the idea that employees could speak up and weigh in on what practices were most appropriate at any given moment” (p. 138). Employees actually pushed to have HR, and once they had it, they thought that it offered clarity and transparency that had been lacking. It was possible because of a confidence that executives wouldn't let things get out of hand (pp. 138-141).



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Conversational Spaces

There is an innate tension between increased interruption and enhanced teamwork (p. 145).

In a way, TechCo's openness allows for greater surveillance, but it is also part of a feedback loop. As we've already seen, openness can make way for greater freedom because any abuses inevitably become visible. However, in TechCo's case, managers find it hard to call people out on those visible trespasses because they didn't want to make it seem like employees are being watched. In a way, surveillance isn't as much of an issue because there aren't as many consequences (pp. 150-153).

The Conversational Firm: Implications for Theory

The reality is that both customers and employees live in an environment where conversations are visible. As such, “these days firms operate in an environment in which it is increasingly difficult to control the conversations happening within and around them” (p. 166).

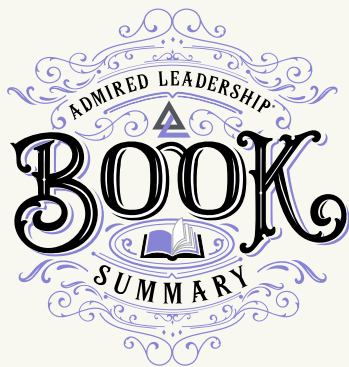
Turco's research suggests that "whether employees are given control over the ultimate decision or not, the firm's decision-making process is more legitimate in their eyes because their own voices have played a part in shaping it" (p. 171).

The Future of the Conversational Firm

Turco warns that "**only when a workforce trusts its leaders not to suppress the sometimes uncomfortable discussions that arise along the way will employees be patient with the chaos and uncertainty that accompany change**" (p. 179). To contribute to this trust, Turco's advice to corporate leaders is "never [to] assume they know exactly what any group of employees wants or what will make for an optimally productive workplace for them" (p. 180).

Simply having conversational tools doesn't make for more open conversation. Traditional hierarchical firms will find it hard to surface dissenting voices because of the dominating importance of image. The key is actually holding open conversation. "Because organizations are collective entities, they can only come to know themselves through collective reflection, and that, it seems, is the real power of a conversational firm" (pp. 177-181).

Turco, C. (2016). **The Conversational Firm: Rethinking Bureaucracy in the Age of Social Media**. New York: Columbia University Press.



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