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-a-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
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**

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

**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.
References


Authors

Mariah Cannon, Jodie Thorpe, Silvia Emili, Philip Mader

The Institute of Development Studies and Authors cannot be held responsible for errors or any consequences arising from the use of information contained in this report. The views and opinions expressed do not necessarily reflect those of the IDS and Authors.

© Institute of Development Studies 2019. This is an Open Access Brief distributed under the terms of the Creative Commons Attribution Non Commercial 4.0 International license (CC BY-NC), which permits use, distribution and reproduction in any medium, provided the original authors and source are credited, any modifications or adaptations are indicated, and the work is not used for commercial purposes. http://creativecommons.org/licenses/by-nc/4.0/legalcode

Image

Shoe assembly line in a factory that uses GoreTex

Photographer: © Dan Zelazo, CC BY-NC-SA 2.0

Funding

Supported by a grant from the Open Society Foundations.

This Case Summary forms part of the collection of materials produced for the ‘Linking Participation and Economic Advancement’ project led by the Institute of Development Studies. This research project recognises that economic processes impact the lives and livelihoods of people who frequently have little or no power in these processes. Through this research we identify alternatives: ways that communities, governments and enterprises are making economic decisions in which ‘ordinary’ people have a real voice.

IDS is a charitable company limited by guarantee and registered in England (No 877338).

Institute of Development Studies, Brighton BN1 9RE UK

T +44 (0) 1273 606261 E ids@ids.ac.uk U www.ids.ac.uk

W www.eldis.org/collection/participation-economic-advancement

twitter.com/IDS_UK facebook.com/idsuk

Case Summary No. 3