

# Fractalwork Manifesto

## Overview

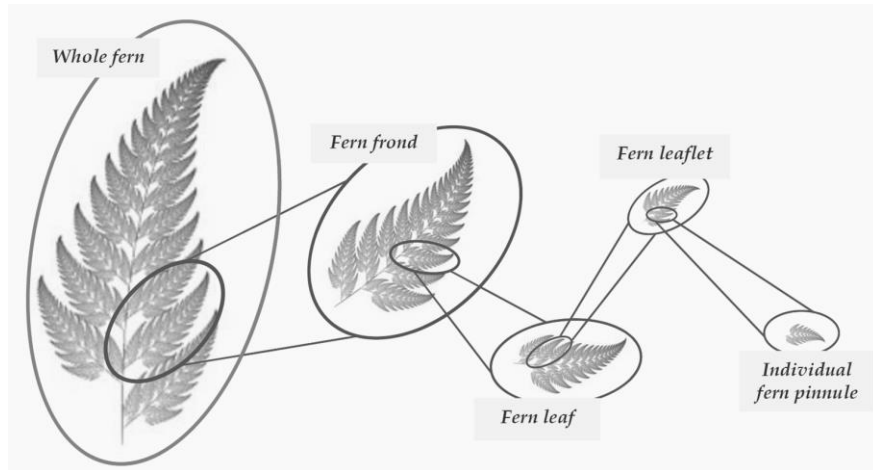
This document outline the 18 tenets that define the Fractalwork approach to getting things done. Leanness & Agility are an outcome from an adaption to a functional environment; they are not a process.

## Terms

- **Activities** – the actions (verbs) of Members that fall into the categories sales, design, purchase, logistics, production, quality, finance, employment & enablers.
- **Arrangements** – the instructions as to how to combine Resources (nouns) & Activities (verbs) that fall into the categories meta-model, model & outcome.
- **Business Control System** – a system of formal processes, procedures, templates and records that control the flow of work within a Virtual or Statutory Company and which meet a set of statutory, regulatory, contractual or company Requirements.
- **Competence Hierarchy** – a natural & flexible hierarchy based on the competence that an individual (s) displays. As context demands the competent individual (s) takes a lead role whilst other individuals choose to follow.
- **Contract** – a formal agreement between parties, typically formed within a legal jurisdiction.
- **Contract Categories** – a Contract can be placed into one of four categories: Trader-in (i.e. sales); Trader-out (i.e. purchase); Stakeholder in (i.e. shareholder); Stakeholder out (i.e. employee)
- **Flow** – getting to Outcome as quickly as practicable by tending waiting (queue) time to zero.
- **Fractal** – a form that displays similar patterns at different scales.
- **Incorporate** – formally join a Virtual Company to a Statutory Company such that that the Virtual Company is subject to the same rules and constraints as a Statutory Company.
- **Juristic Person** – an entity that is subject to similar legal constraints as a natural person but it not a natural person i.e. a company.
- **Member** – a natural person that has a Contract to operate within a Virtual Company.
- **Meta-Model** – a creative output from a person; an abstract of a Model such as a design for creating designs or recipe for creating recipes or other such like.
- **Model** – an output from realising a Meta-Model; an abstract of an Outcome such as a design, recipe, instruction set, job detail or other such like.
- **Outcome** – an output from realising a Model; a real entity such as a part, component, sub assembly, assembly, service or other such like.
- **Owner** – a shareholder of a Virtual Company which can be either a Statutory Company or a Virtual Company.
- **Power Hierarchy** – a fixed hierarchy based on dominance, fear and/or coercive control.
- **Price's Law** – states that fifty percent of the 'value add', in a creative domain, is generated by the square root of the number of people in the domain. So if there are 100 people in an organisation, 10 of them add 50% of the value.
- **Requirements** – requests, rules, demands, constraints or such like that are laid down in a Contract or a Virtual Companies Act that a Virtual Company & its Members are required to comply with.
- **Resources** – the entities (nouns) that are contained within a Virtual Company that fall into the categories materials, methods, machines, manufactory, money, multiform, man.
- **Statutory Company** – a company formed within a legal jurisdiction.
- **Team** – a collective Noun for all the Members contained within a Virtual Company
- **Virtual Companies Act** – a set of rules that constrain the 'behaviour' of a Virtual Company and all those entities that act on its behalf.
- **Virtual Company** – a non-legal entity formed within a Statutory Company for reasons of containing a Team working to a common intent & for performance evaluation purposes.
- **Virtual Board** – a Virtual Director (s) that directs the Virtual Company.
- **Virtual Director** – a natural person that is a Member of a Virtual Board.

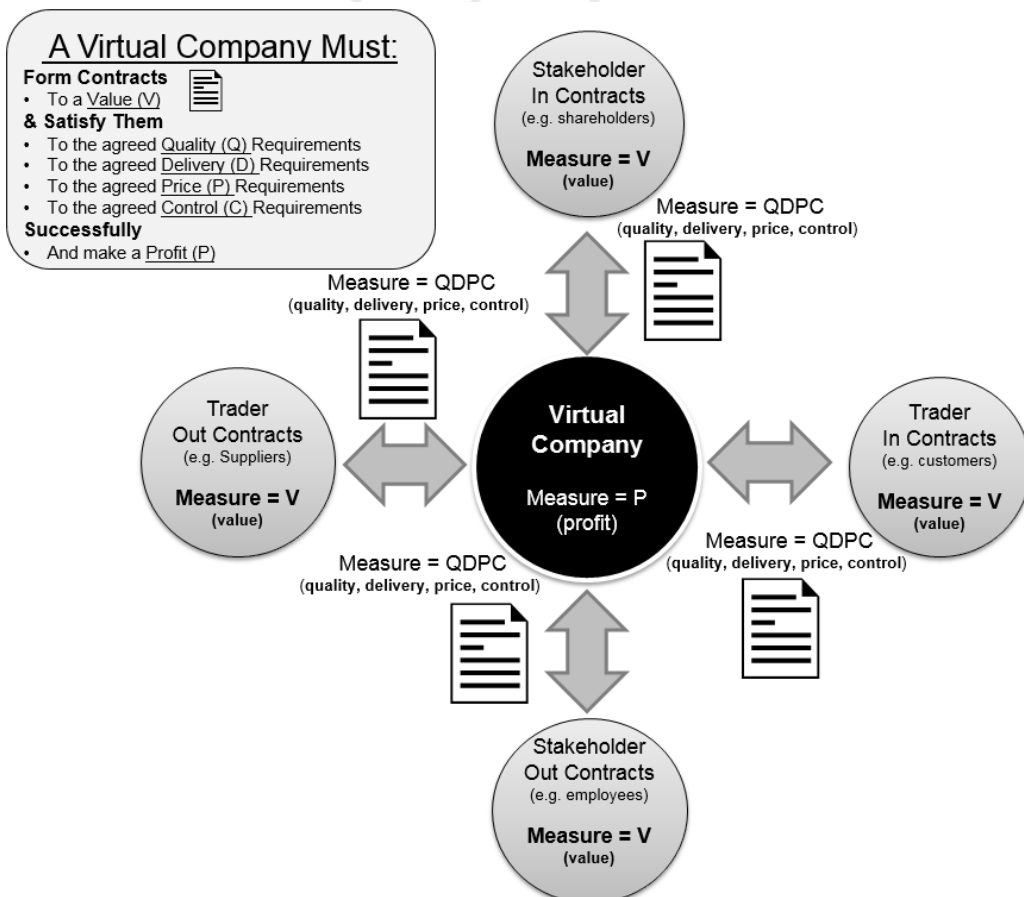
# 1 Fractal

A Fractal organisation is an organisation built from organisations, built from organisations..... All organisations have a similar structure & ruleset.



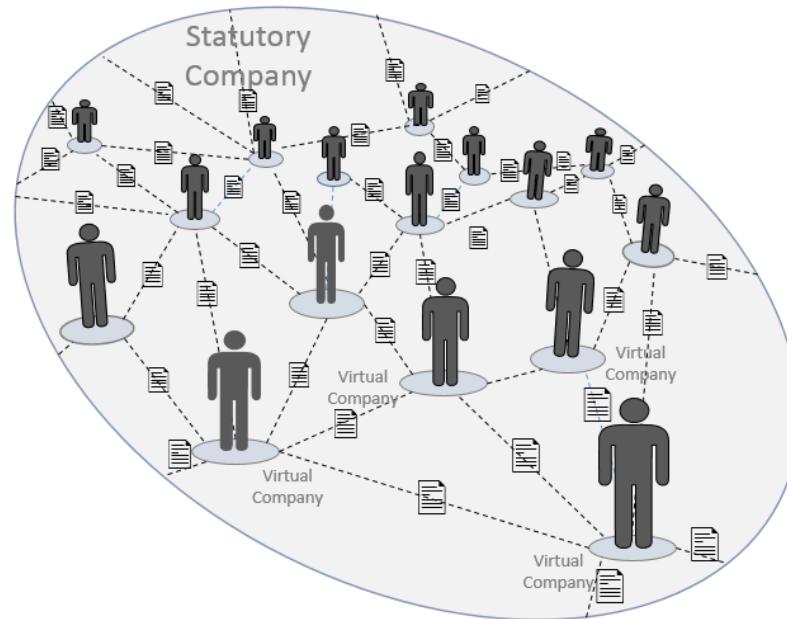
# 2 Virtual Company

Prior to forming a Contract a Virtual Company must be created and be Incorporated into a Statutory Company. The Virtual Company will contain a Team of Members (typically 7 max). The Virtual Company, as a Juristic Person, must have at least one Owner and one Virtual Director that represents it. Over time the number of Members in a Virtual Company will tend to one (Team size of one) to account for Price's Law. It is helpful for everyone to know who the gifted & talented individual (s) is so they have an opportunity to learn from them.



### 3 Network

A Virtual Company may trade with an internal Virtual Company or an external Statutory Company. **ALL** transactions must be through a formal, uniquely identified, Contract which clearly expresses the product or service being supplied and its negotiated value. A Contract must formally state whether the contract counterparty is internal or external to the Statutory Company that the Virtual Company exists within.



### 4 Common Ruleset

A Virtual Company must have a Virtual Companies Act that has been agreed by the Board of the Statutory Company that it has been incorporated within. Any changes to the Virtual Companies Act must be agreed by the Statutory Company's board. All Members of the Virtual Company must have read, and formally confirmed that they have read, and understood the Virtual Companies Act.

### 5 Stewardship

The Virtual Company has stewardship of all the Resources it contains. All Resources under stewardship must flow directly to and through the Virtual Company.

### 6 Intent

Members of a Virtual Company shall self-select based on the creation &/or adoption of a common and formally expressed intent.

### 7 Hierarchy

Members will take a lead role based on Competence. A Competence Hierarchy is flexible and will change as context demands. Self-leadership is the very essence of the Fractalwork approach and as such a Power Hierarchy is expressly forbidden.

### 8 Multiskilling

Members are expected to be 'a jack of all trades and a master of one or more'. There will be no fixed boundaries of responsibility and no demarcation of roles. Value is added through three key Activities; Sales, Design & Production; activities that do not directly add value to a Contract Requirements are considered a waste and shall be eliminated as is practicable.

### 9 Performance

The future, present & past performance of the business will be communicated to the Owner (s) and, as appropriate, other

stakeholders (s). The performance within all the Contract Categories will be based on the statement 'Form Contracts & Satisfy Them, Successfully.

- FUTURE – 'Form Contracts' = Value (absolute and ratio)
- PRESENT 'Satisfy Them' = Quality, Delivery, Price & Control (absolute & ratio)
- PAST – 'Successfully' = Profit (absolute & ratio)

## 10 Reward

A Member (s) of a Virtual Company must benefit from a profit generated. An individual Owner (s) must not benefit more than an individual Member (s). The intent of this tenet is to recognise that the people who are adding the value should get a meaningful share of the profit they generate.

## 11 Co-operation

Co-operation will be based on 'trust & check'. Communication will be 'as appropriate' and a formal meeting will merely be a celebration of a previous agreement. Members must act professionally at all times and keep records of co-operations & communications. Members must make use of both logic and intuitions; logic cannot trump intuition in a complex chaotic world.

## 12 Model

'Model before Make'. Prior to an Outcome being offered a Model must be produced and agreed with a Contract counterparty. Every Model must be produced in accordance with a Meta-Model.

## 13 Flow

Smooth, uninterrupted, flow ensures that getting to an Outcome as quickly as is practical allows a Contract counterparty (s) to interact and feedback. The perfect shall not be made the enemy of the good.

## 14 Sustainability

Sustainability of a virtual company is a goal. Success in the short term cannot come at a cost of failure in the long term. "Winning a game cannot be at a cost of winning the game of games"

## 15 Balance

No one Contract counterparty is allocated more importance than another. Customers, Suppliers, Owners and Members relative importance will change dynamically as context and sustainability demands.

## 16 Improvement

Improvement comes in two forms; improvement to current Outcomes (iteration) and development of new Outcomes (speciation). Both improvement methods must be employed.

## 17 Control

A Virtual Company must have a formal Business Control System that meets all Requirements.

## 18 Audit

A Virtual Board is responsible for ensuring that a Member (s) of a Virtual Company complies with all Requirements. As a minimum, an independent auditor (s), formally agreed by the Statutory Company board, must audit a Virtual Company's Business Control System, its associated templates, processes, records, measures, accounting reports and similar on a monthly basis. The goal of all audits is to ensure compliance (process) and conformance (outcome) to all Requirements.