

Gore's Flat Structure Works Well

Imagine an organization with more than 10,000 employees working in 30 countries around the world—with no hierarchy structure. W. L. Gore & Associates, headquartered in Newark, Delaware, is a model of unusual business practices. Wilbert Gore, who left Dupont to explore new uses for Teflon, started the company in 1958. Best known for its breathable, weatherproof Gore-Tex fabric, Glide dental floss, and Elixir guitar strings, the company has no bosses, no titles, no departments, and no formal job descriptions. There is a managerial hierarchy at Gore, and top management treats employees, called associates, as peers. In 2005, the company named 22-year associate Terri Kelly as its new chief executive officer. Unlike large public corporations, Gore's announcement was made without much fanfare. Today, more than 12 years later, Kelly continues as chief executive but is the first to admit that it's not about the CEO at Gore—it's about the people who work there and their relationships with one another.

The company focuses on its products and company values rather than on individuals. Committees, comprised of employees, make major decisions such as hiring, firing, and compensation. They even set top executives' compensation. Employees work on teams, which are switched around every few years. In fact, all employees are expected to make minor decisions instead of relying on the "boss" to make them. "We're committed to how we get things done," Kelly says. "That puts a tremendous burden on leaders because it's easier to say 'Just do it' than to explain the rationale. But in the long run, you'll get much better results because people are making a commitment."

Because no formal lines of authority exist, employees can speak to anyone in the company at any time. This arrangement also forces employees to spend considerable time developing relationships. As one employee described it, instead of trying to

please just one “boss,” you have to please everyone. Several years ago the company underwent a “strategy refresh,” conducting surveys and discussions with employees about how they fit into the organization’s culture. Not surprisingly, there was a cultural divide based on multiple generations of workers and length of service stature, which Kelly and her associates have worked hard to overcome. She realizes that not everyone will become a “lifer” at Gore, but recognizes the importance of younger employees who have helped the company become more tech-savvy in communications and stay well-connected in a fast-moving business world.

The informal organizational structure continues to work well. With revenues of \$3 billion, the company produces thousands of advanced technology products for the electronics, industrial, fabrics, and medical markets. Its corporate structure fosters innovation and has been a significant contributor to associate satisfaction. Employee turnover is a low 3 percent a year, and the company can choose new associates from the thousands of job applications it receives annually. In 2017, Gore was named one of the 12 legends on *Fortune’s* “100 Best Companies to Work For.” These companies have made *Fortune’s* list for all 20 years the magazine has published its annual “Best” rankings.

Critical Thinking Questions

1. Given the lack of formal structure, how important do you think Gore’s informal structure becomes?
2. Is L. Gore a mechanistic or an organic organization? Support your answer with examples from the case.
3. How do you think Gore’s flat organizational structure affects innovation at the company?