

Is Brazilian Management The New Model?

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Discuss the Brazilian management model, analyzing the Semco case, in which the role and wisdom of the staff, and the quality control are stressed.

David Creelman

The two dominant models for management have been the American model, exemplified by GE and the Japanese model, exemplified by Toyota. The American view of management puts great weight on leadership and stresses the importance of being tough, fast moving, and focused on the numbers. The Japanese emphasize solidarity, continuous improvement and a long term outlook. Japan's financial mess has tarnished the glamour of the country but their firms are among the best in the world.

There is now a third model established in Brazil and epitomized by Semco. This model emphasizes democracy, the wisdom of employees and the counter productiveness of control.

Ricardo Semler, CEO of Semco, discusses the company in his new book *The Seven Day Weekend*. Semler is a maverick and his practices of letting employees fire their boss and set their own salaries seem crazy. Years ago, when I read his first book, *Maverick*, I thought of him as an inspirational but somewhat comic figure. I've changed my mind. Rather than look at Semco as a interesting

oddity, like the duck billed platypus, we should look at it as a whole new genus of management practice.

What makes Semco worth looking at again is that it now has a long history of success in a wide variety of businesses. Semco has proven that its set of management practices are competitive with the American and Japanese models. Semco has shown having employees involved in hiring and firing managers is as effective as having top management make those decisions. Having employees set their own pay, can lead to as much internal equity, market competitiveness and affordability as having HR make those choices.

The starting point in understanding Semco is to put aside the apparent wackiness of the ideas and try to appreciate the underlying beliefs that make their policies common sense.

If you start with the view that employees are both intelligent and committed then it only makes sense that they be involved in hiring decisions. From this viewpoint leaving the decision with HR or senior management seems crazy. If you

believe in democracy, then it simply doesn't seem right to tell employees what hours they have to work.

When employees set their own hours one naturally worries that the assembly line will grind to a halt when everyone goes to the beach. Semco has shown the risk is not real; employees are smart enough and committed enough to make sure that they keep the business successful. An employee may go to the beach, but not without being sure their job is covered by someone else.

this problem?' but 'Would a system of controls, in the long run make the firm a better place?' Semler is convinced the answer is no. He sticks to his system, just a GE does not abandon it's system every time there is a bad hire, failed project, or other mistake.

Sadly, it's almost inconceivable that an established company would adopt the Brazilian management model. It's just too big a conceptual jump. However, for entrepreneurs bringing a company to life the Brazilian model presents a proven alternative to the American and

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There is one other fundamental idea that holds Semco together and that's a commitment to the big picture. Think for a moment about what things have gone badly wrong in your organization. No doubt, you have a long list. Semco is no different in this regard—lots of things go wrong. Semler mentions a time that he really needed to get in touch with a manager but that manager had gone on holiday and no one knew where he was (last time this happened he was in Zimbabwe). There is a "solution" to prevent this problem re-occurring, force people to get approval from their boss before going on holiday. To some this is the obvious step, but Semler is not merely concerned about solving his problem of contacting one manager. He is interested in creating a system of management that will thrive in the long term. The question is not, 'Would controls solve

Japanese approaches. There is room in the ecology of world business for many different types of creature. Let's hope this uniquely human form of organization will thrive.

David Creelman is a contributor editor to TerraForum Consultores.

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