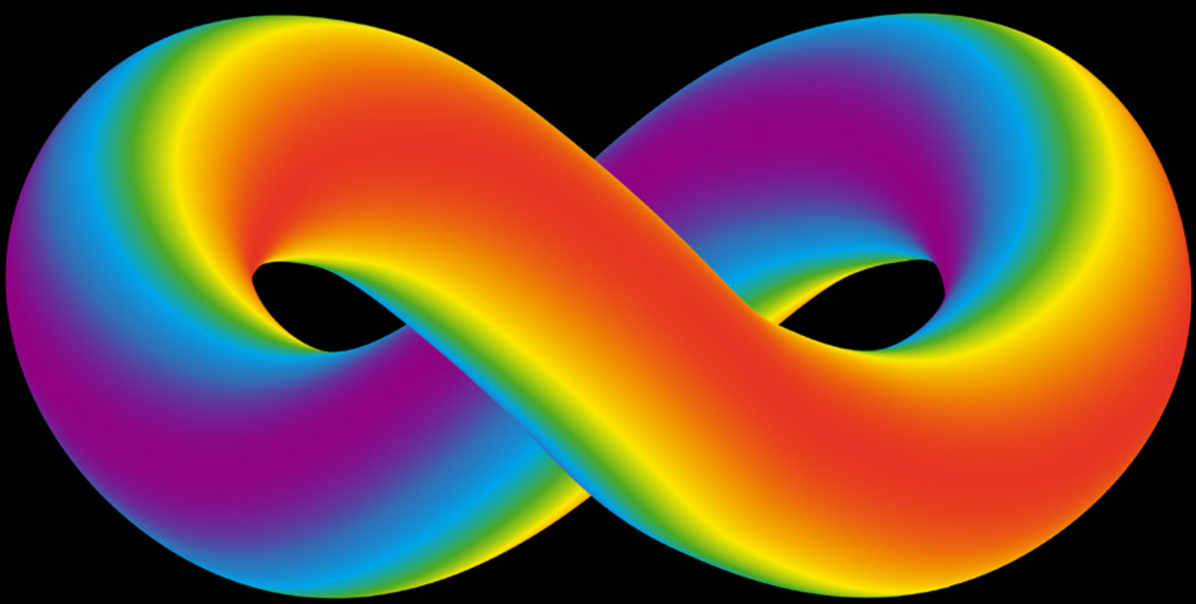
# The ZeroDX Journey: FROM IDEA TO PRACTICE TO COMMUNITY



**Business Ecosystem Alliance**
**Haier Model Institute**
19 September 2025

BUSINESS ECOSYSTEM ALLIANCE

HMI Haier MODEL INSTITUTE

*"A journey of a thousand miles begins with a single step."*

Lao Tzu

*"I care not where my body may take me as long as my soul is embarked on a meaningful journey."*

Dante

*"On the surface, Zero Distance refers to the removal of barriers between employees and users. But at its core, it means there is zero distance between a person and the value they create and their dignity. In other words, a person's value and dignity are in their own hands—not in the hands of a CEO or a higher authority."*

Zhang Ruimin
***"Embracing a Great Era with Zero Distance"***
July 28 2025, Milan.

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# AN INVITATION

From the hierarchical bureaucracies of the industrial age to the networked organizations of the information era, the evolution of organizational forms has always mirrored advances in productivity and technology. Today, as we enter the era of artificial intelligence (AI), traditional linear decision making models are increasingly ill-equipped to navigate the uncertainties of complex systems—a shift driven by both technological revolution and the relentless pressures of global competition. The convergence of AI and the internet of things (IoT) is ushering in new organizational paradigms defined by collective intelligence, where the relationship between organizations and users has evolved from passive response to active co-creation. Boundaries are dissolving, enabling seamless collaboration among organizations, partners, and users to jointly build intelligent, interactive ecosystems.

This year marks the 20th anniversary of the RenDanHeYi model which was introduced and developed at Haier and which is now acknowledged and put into practice in organizations throughout the world. Over the past two decades, RenDanHeYi has remained at the forefront of change, championing the maximization of human value, maintaining Zero Distance with users, and empowering organizations to achieve self-operation, self-splitting, and self-evolution. These principles are deeply aligned with the demands of organizational transformation in the AI era.

Against this backdrop, The 9th RenDanHeYi Model Leading Forum and the second ZeroDX Awards convenes under the theme "Organizational Intelligence: Creating Intelligent and Interactive Ecosystems in the AI Era". This gathering brings together global thought leaders and pioneering practitioners to explore the foundational logic and breakthrough pathways for organizational evolution in the age of AI, offering insights into the future of organizational development. The event also honors the winners of the second Zero Distance Excellence (ZeroDX) Awards, recognizing trailblazing organizations that have dismantled bureaucratic barriers, reimagined business ecosystems, and unleashed organizational autonomy.

From the exchange of ideas to the celebration of exemplars, from the refinement of models to forward-looking perspectives, this landmark event offers a fresh vantage point on organizational transformation. More than that it offers us all with the opportunity to create a community built around our interest in and practice of the fundamental idea of Zero Distance.

We warmly invite you to be part of the ZeroDX community so we can explore the future of organizational intelligence together.

**Stuart Crainer**
*Director, Business Ecosystem Alliance*

**Gary Hamel**
*Management Lab*

**Zhang Ruimin**
*Architect of the RenDanHeYi Model,*
*Founder of Haier and Chairman Emeritus*
*of the Board of Directors of Haier Group*

# One:
# A Short History of Customers

## Customers First

The history of management and organizational thinking is relatively short. It was only in the early twentieth century that research into management and the teaching of the basics of management became a reality—the first MBA program was offered by Harvard Business School in 1908.

Since then business schools and management programs have swept the world. There are now an estimated 16,000 business schools. The amount of research into management and organizational best practice has mushroomed. Books, articles, white papers, reports, blogs, podcasts, and more, now appear every minute in every language.

Amid this deluge of information and opinion the role of the customer in organizational life is routinely and bizarrely neglected. Back in the early days of the twentieth century Henry Ford offered his opinions on what customers wanted—products which were simple to use, with limited choice, reliability combined with life-changing mobility. In the 1930s Procter & Gamble developed mass marketing, but this focused on utilizing the new communications media rather than the actual needs of customers. Research in the 1940s and 1950s—from Elton Mayo, Abraham Maslow, Douglas MacGregor and others—examined the motivation and treatment of workers in organizations. In the 1960s marketing was refined by Ted Levitt, encouraging companies to figure out which business they were actually in. Then strategic management took over, pushing humanity within and without organizations to the side.

It was only in the 1980s with the success of Tom Peters and Robert Waterman's *In Search of Excellence* (1982) that the notion of customer care was promoted in the Western world. Customers were kings (though the role felt ceremonial rather than power wielding). The airline CEO Jan Carlsson talked of "moments of truth", the critical points where an organization interacted with customers. A TV documentary in the United States brought the work of an obscure statistician called W. Edwards Deming to broader attention. For Deming, the customer was king, emperor, CEO and dictator. Or, as he phrased it, "the consumer is the most important part of the production line". Quality is defined by the customer. Inspired, Western managers looked to Japan. There they discovered systems and processes driven by the three Cs—the corporation, the customer, and the competition.

And then, after a flurry of interest, customers were again pushed to the periphery as organizations looked internally to re-engineer and, at the beginning of the new century, surrendered themselves to the beauty of new technology and the rise of the internet-based economy. As dot-com after dot-com was seduced by the brilliance of their own technology, customers were largely forgotten. The technology was seen as far too complex for customers to understand. (Think back to Henry Ford's quote, "If I had asked people what they wanted, they would have said faster horses.") The truth was that often the full power of the technology was not fully understood by the organizations who owned it. And technology evolved in a huge variety of unexpected ways—shaped by consumers. Text messaging was not regarded as something which customers would use, but they did.

"THE CONSUMER IS THE MOST IMPORTANT PART OF THE PRODUCTION LINE."

Since then the notion of customer experience (CX) has developed (ignited by Joseph Pine and James Gilmore's 2019 book, *The Experience Economy*) and companies now have more information about the behavior, thoughts and fears of their customers than ever before. Companies of all sizes in all industries sit on databases of information on the transactions, interactions, and behavior of their customers. Every day, the world generates 2.5 quintillion bytes of data and, more easily understood, 90 percent of global data was created in the last two years. While difficult to calculate (or imagine) a hefty amount of this data concerns customers.

Yet, in spite of these staggering numbers who can say that customer experiences have improved or that customers feel able to develop closer, mutually beneficial relationships with companies they buy from? As a customer do you feel part of a company's ecosystem or simply a purchaser of its products? As a customer do you feel emotionally connected to a company you buy from? Are you part of an algorithm or a human relationship?

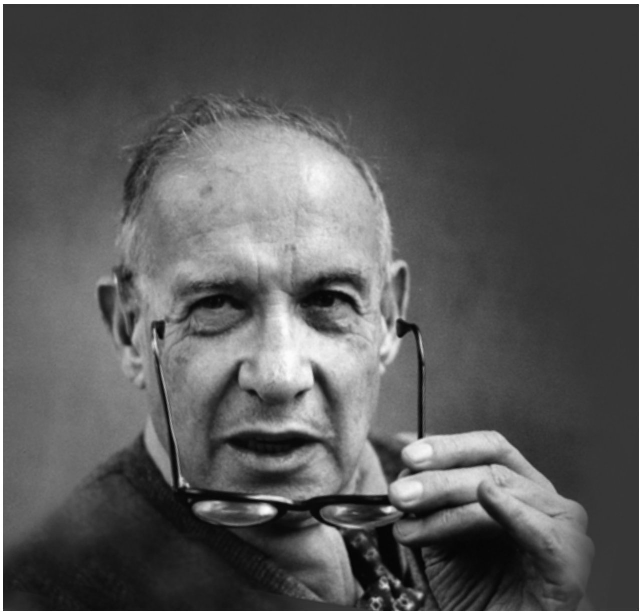

**Photo:** Peter Drucker, the father of modern management.

More information on customers co-exists with fewer insights and fewer relationships. The American Customer Satisfaction Index (ACSI) was developed at the University of Michigan by a group of scientists under the leadership of Claes Fornell. Its most recent report concludes: "The general lack of strong business-customer relationships in the United States is problematic. Customer satisfaction has not improved substantially over the past 12 years, despite vast corporate investments to do just that. Extrapolating the ACSI trajectory from the first decade of this century, customer satisfaction would be almost 6 percent higher than it is today and there would be much higher customer loyalty to boot. There is no evidence that inflated consumer expectations are to blame: The expectations-satisfaction gap has remained fairly constant over time. The problem lies in poor performance metrics and data analytics. The metrics generally fail in separating data noise from information. The data analytics are ill-suited for the many idiosyncrasies in customer data, making resource allocation for improving customer relationships more difficult. While analytical rigor and science-based measurement instruments are often absent, they are necessary for realizing the financial benefits from strong customer relationships."

This makes it clear that organizations in the U.S.—and almost certainly elsewhere—are failing customers. In addition the data and metrics are failing both organizations and customers.

The decline in business/customer relationships at a time when there has never been so much customer information suggests that few organizations can really claim to understand and implement the fundamental principle expressed pithily by Peter Drucker: "A business exists to create a customer."

## Future Fit Organizations

A related issue is that organizations throughout the world are not built with customers or, indeed, employees at their center. They are still largely organized and structured in ways established at the beginning of the twentieth century.

Bill Fischer of IMD, and co-author of *Reinventing Giants*, says: "Essentially, organizations are tools to achieve corporate goals. They are built, one hopes, in response to external market and non-market (political, technological, environmental, etc.) forces, with an eye towards being responsive to the needs and wants of their customer base, in a changing competitive arena. In fact, however, most organizations are legacy pyramids, inherited from the boss you just replaced, powered by inertia, and are traditionally devoted to the investor community as their primary stakeholder." This is a clearly a world away from Peter Drucker's pithy summation of why a company truly exists.

Hierarchy, structure and rigidity remain the central characteristics of organizations. This clearly applies to large global corporations with their labyrinthian org. charts and ornate job titles. But it also applies to much smaller organizations. It is assumed that to grow and to scale a small company into a larger one requires the addition of structure and hierarchy. Companies aspire to outgrow fluidity and customer intimacy.

PEOPLE ARE LESS WILLING TO BE NAMELESS COGS IN LARGE ORGANIZATIONAL MACHINES. EXPECTATIONS OF WORK HAVE CHANGED—ESPECIALLY AFTER THE GLOBAL PANDEMIC.

The roots of these beliefs go back (in the Western world at least) to thinkers such as Max Weber, practitioners such as Henry Ford, and thinkers such as Frederick Taylor, the creator of Scientific Management. With its emphasis on measurement and management as a science, Taylor's influence remains strong.

In the twenty-first century these organizational assumptions have been increasingly questioned. There are a number of elements to this.

First, people are less willing to be nameless cogs in large organizational machines. Expectations of work have changed—especially after the global pandemic. Meaning and purpose are increasingly recognized as important in working lives. The trouble is that traditional organizations are poorly equipped to meet the growing demands of employees. Only 21 percent of employees worldwide and 31 percent in the U.S. describe themselves as "engaged" with their job. Improving these numbers is potentially a low risk, low cost way to boost productivity and business performance.

Second, the three decades of the century have seen accelerating technological development across the globe. The rise of the Internet has been followed by growth in mobile communications, the Internet of Things, and now the advent of ubiquitous Artificial Intelligence. Traditional organizations with their long reporting lines and complex hierarchies are ill-suited to take advantage of fast developing technology whose impact is global. In an era of fluidity, fixed structures are quickly overwhelmed. There is a premium on organizational agility.

Largely thanks to technology, the gap between customers and employees is now vanishingly small. In their book *Proximity*, Rob Wolcott and Kaihan Krippendorff map out the fast changing relationship between companies and customers, between supply and demand, a world of instant fulfillment: "Digital technologies push the production and provision of value—products, services and experiences—ever closer to the moment of demand. Not predicted demand, not forecasted demand, but real, ready-to-pay-for-it demand."

Third, networked markets have led to a re-formulation of competition. The success of platform companies such as Uber, YouTube, Airbnb, Facebook and Alibaba sets a precedent for platform based competition which is set to spread to other industries such as healthcare, energy, banking and automotive. One benefit of this is that platform companies are able to compete globally with relatively small numbers of employees. For example, Airbnb has revenues of $11 billion and 7,300 employees; Uber, $44 billion, 31,100 employees.

Four, allied to technological developments and organizational evolution, there is increasing recognition of the importance of ecosystems in organizational life and competition. Speaking at a Business Ecosystem Alliance (BEA) event, business ecosystem pioneer James Moore put it this way: "We live in a world where we need to accomplish a lot of things, and there are a lot of problems to solve. Yet, there are a lot of people who aren't connected and could be and should be. There are a lot of resources that aren't connected into systems. The notion of ecosystems from my standpoint is a creative one and in a sense, a managerial one. It has to do with giving yourself the authority and the power as a creative person to think about what things could be brought together that would improve life for all of us."

Five, an increasing number of progressive organizations are making alternative organizational models work successfully—from Buurtzorg in the Netherlands to Nucor in the United States, "Responsabilisation" at Michelin to employee autonomy at Viisi and decentralization at Handelsbanken.

**Photo:** Kaihan Krippendorff at the ZeroDX Awards 2024.

The management thinkers Gary Hamel and Michele Zanini are long-time critics of traditional hierarchical and bureaucratic organizations, and have powerfully captured the work of some of the most progressive organizations in *Humanocracy*. Hamel and Zanini estimate that if we reduced the bureaucratic burden in OECD economies by half, $9 trillion would be added to economic output. Says Hamel: "Though few executives admit to being fans of bureaucracy, fewer still seem genuinely committed to killing it. We shouldn't be surprised. Bureaucracy is a massive, role-playing game. If you're an advanced player, you know how to deflect blame, defend turf, manage up, hoard resources, trade favors, negotiate targets and avoid scrutiny. Those who excel at the game, unsurprisingly, are unenthusiastic about changing it."

Other bodies, such as the Corporate Rebels from the Netherlands, have played a pioneering role in researching, documenting, and championing alternative organizational models. Many of the examples highlighted in this white paper have been identified and described in their work, and most of these organizations are part of the Corporate Rebels network. Drawing from their extensive research into progressive workplaces, they have distilled eight major trends shaping the organizational world:

- From profit to purpose and values
- From hierarchical pyramid to network of teams
- From directive leadership to supportive leadership
- From plan and predict to experiment and adapt
- From rules and control to freedom and trust
- From centralized authority to distributed decision making
- From secrecy to radical transparency
- From job descriptions to talents and mastery.

At the heart of these changes are not investors or one-dimensional, command-and-control leaders, but people and customers being able to maximize technology and collaboration so that companies not only create customers but build multi-dimensional relationships with a galaxy of customers and others in their ecosystems.

HAMEL AND ZANINI ESTIMATE THAT IF WE REDUCED THE BUREAUCRATIC BURDEN IN OECD ECONOMIES BY HALF, $9 TRILLION WOULD BE ADDED TO ECONOMIC OUTPUT.

**Photo:** Gary Hamel at the 2024 ZeroDX Awards.

# Two:
# Haier and Zero Distance

## Entrepreneurs, not Bureaucrats

In the dynamic landscape of modern business, maintaining competitiveness requires adaptability and innovative organizational approaches. At the forefront of this evolution is the concept of Zero Distance, pioneered by Zhang Ruimin, founder and now Chairman Emeritus of the Haier Group, the world's leading white goods manufacturer. Born out of Haier's own RenDanHeYi™ model, Zero Distance refers to the elimination of the distance between employees, operations, and customers, to ensure seamless connectivity and responsiveness in today's fast-paced markets. As the foundation of Haier's market success since the company was founded in 1984, it shifts the strategic center of gravity in the firm from staff planning to entrepreneurial experimenting.

First articulated in 2005, the RenDanHeYi model created a dynamic network of employee-run micro-enterprises. The word translates to "employees and users become one". In this model, micro-enterprises operate autonomously and team members are self-employed, self-organized, and self-motivated.

After 20 years of experiments and practice with the RenDanHeYi model, Haier has transformed from a product manufacturer to an industrial internet ecosystem. The disruptive innovation of enterprise management has unleashed the innovative dynamism of each Haier employee. Motivated by the entrepreneurial system and driven by the incentive and constraint platform, Haier's ecosystem has incubated a large number of micro-enterprises that have graduated to financing rounds, one after another. It is anticipated that one to three micro-enterprises will likely go public every year.

THE RENDANHEYI MODEL CREATED A DYNAMIC NETWORK OF EMPLOYEE-RUN MICRO-ENTERPRISES. THE WORD TRANSLATES TO "EMPLOYEES AND USERS BECOME ONE".

While originally championed by Haier, the operational philosophy of RenDanHeYi has been reported on and its practice extolled by some of the leading management thinkers of our time. Bill Fischer, Umberto Lago and Fang Liu in their book *Reinventing Giants* were the first to report on the management philosophy for a western audience in 2013. Many others have carried out research and examined the working and thinking behind RenDanHeYi. They include Gary Hamel and Michele Zanini, Stuart Crainer, Kaihan Krippendorff, Hu Yong, Danah Zohar, the Corporate Rebels, Jeffrey Kuhn, Annika Steiber and the business ecosystem pioneer James F. Moore. From within Haier, Zhang Ruimin has provided a compelling commentary on the evolution of the theory and its practice at Haier and beyond.

Says Bill Fischer: "Zhang Ruimin believed that for Haier to survive, the entire nature of work in the organization had to change: from acting solely as order-takers from above, to being built around achieving Zero Distance with their customers and users, in an effort to quickly internalize and fulfil emerging customer needs; which meant, in turn, that Haier no longer could rely upon workers who acted like bureaucrats, but needed entrepreneurs, instead, who would be fast and opportunistic in the pursuit of customer satisfaction. All of which, called out for a completely changed Haier workplace."

RenDanHeYi is based on three central pillars:

- The centrality of the user experience leads to the development of a community of lifelong users who are prized as potential co-creators of the future, which serves as the galvanizing objective of everything the organization does.

- A recognition that the release of entrepreneurial energies within an organization offers the best chance of maximizing the value of the organization's human potential, in the service of the user experience.

- The sharing of the value created among everyone who participates in the process of creating and using the products produced.

Distilling RenDanHeYi into three core pillars runs the risk of creating an illusion of simplicity, which is far from reality. RenDanHeYi is a continuous organizational cultural transformation on a large scale.

"Since its introduction, the RenDanHeYi model has undergone several incarnations, commensurate with deep technological shifts in the external market landscape," explains the management researcher Jeffrey Kuhn. "In 2019, Haier initiated its IoT strategy by recasting its platform structure into a constellation of interconnected ecosystem-based businesses that provide users with integrated IoT-based offerings. As Haier's ecosystems take root, its products become mediums through which users can co-create unique personalized experiences through a community of ecosystem partners, generating recurring ecosystem revenues and a cycle of increasing returns for both Haier and its ecosystem partners."

## Committed to Constant Change

Under Zhang Ruimin, and now with Zhou Yunjie as CEO, Haier maintains a continuing commitment to change. It believes that the starting point for the future is a willingness to embrace change. Change is in the Haier DNA. Zhang Ruimin's speeches are notable for their relentless quest for improvement. Typically, an hour long speech by Mr. Zhang does not re-visit any of the issues or concerns of a speech six months or a year earlier.

The way Zhang Ruimin maps out the future of organizational life is far removed from the one dimensional, profit focused aspirations of business leaders of the past. He regards the company's embrace of ecosystems as an extension of traditional Chinese values embedded in the work of Lao Tzu and a book such as *I Ching*. Indeed, he celebrates the fact that the ecosystem economy offers the antithesis of equilibrium and linear thinking, organization and practice. "The ecosystem economy creates and iterates the experience of users in a way which is not possible in the hierarchical platform economy or product economy," says Zhang Ruimin laying down the challenge of the future as self-disruption.

RenDanHeYi is seen by Haier CEO Zhou Yunjie as a management model, a governance model, and a management philosophy. In Mr. Zhou's re-making of Haier's governance, RenDanHeYi is promoted so that it forms one of the key board committees. His message is that he will resolutely implement the management thinking of RenDanHeYi founded by Zhang Ruimin, adhere to the purpose of maximizing human value, make the RenDanHeYi model a world-leading management philosophy, and develop the ecosystem brand into a universally-applicable system.

As Zhou Yunjie puts it: "Not developing is the biggest risk." Mr. Zhou identifies three elements to change which the company must excel at: understanding change, seeking change and adapting to change. Understanding change requires the organization to come to terms with the opportunities presented by the fourth industrial revolution. In Haier's situation, Mr. Zhou argues that tech convergence leads to exponential growth and that the industrial internet will unlock a much larger marker than that created by the mobile internet. More precisely, he identifies opportunities in decarbonization and green energy; continued digitalization; and the rise of the metaverse.

The recognition that change demands both a proactive and reactive response is an interesting take on this much-examined issue. The balance between the two is likely to be a much discussed challenge in the years to come. In an overall context of low or negative growth, the organizations which prosper will be those which still have the ability to seek out change. Mr. Zhou argues that Haier's belief in "self-organization", giving people and teams the freedom to organize in the best ways for the overall organization offers a potent counter to continuing uncertainties. He makes a persuasive distinction between the role of government (the visible hand), the market (the invisible hand) and self-organization (the invisible heart).

A second significant theme presented by Zhou Yunjie in his tenure as CEO of Haier is the reinvention of governance for the IoT era. A great deal of what Haier practices and preaches is now accepted management best practice—agile teamworking, empowering and enabling teams to solve customer problems, and so on. But what has lagged behind management best practice are the systems and governance of global organizations. This is something which Haier has been seeking to tackle over recent years. It has, for example, been leading the way in re-inventing the nature of contracting within and outside the organization so that contracts become more dynamic and reflective of a fast changing reality where delivery of projects relies on an ecosystem of individuals and organizations.

Mr. Zhou puts a new model of corporate governance in the IoT era as a central pillar of the future. He directly links the need for perpetual transformation to governance. The competencies of understanding change (the ability to extract business insights); seeking change (the ability to monetize business opportunities); and adapting to change (the ability to evolve and adapt to change as a self-organization) are directly identified as responsibilities of board members.

Traditional corporate governance takes shareholder value primacy as its mission and is based on the principal-agent risk management principle. Haier's governance model, as described by Mr. Zhou, maximizes human value as its purpose and is based on the "empowerment-autonomous governance" principle of incentive compatibility. The emphasis is on board members being pragmatic, specialized, and robust. In effect, it is applying the same expectations of behavior and outlook to board members as to the rest of the organization. This appears obvious and fair, but is rarely practiced. The evolution of governance is part of the continuing development and evolution of the concept and best practice of Zero Distance.

ZHOU YUNJIE PUTS A NEW MODEL OF CORPORATE GOVERNANCE IN THE IOT ERA AS A CENTRAL PILLAR OF THE FUTURE.

# Three:

# The New Principles of Zero Distance

## Make it New

"Make it new, make it new as the young grass shoot" is a Confucian entreaty in the *Ta Hio*. It was used as a slogan for the modernist movement of the early twentieth century in the west. But, it also captures the relentless urge for improvement and freshness seen in Zero Distance.

Since it was first discussed and introduced our understanding of Zero Distance has developed—thanks to worldwide experimentation in organizations and research. In 2015, "Zero Distance to the Customer" by Dennis Campbell, Marshall Meyer, Shelley Xin Li, and Kristin Stack was published as a Harvard Business School case. It introduced the idea to a larger Western audience. But, the principles of Zero Distance are, in a real sense, a journey. There is no fixed point in a process of constant development and evolution. Best practice, by its very nature, is subject to change and change is now ever-present.

"Rather than slowing down in the post-pandemic world, change is picking up speed and becoming a constant," says innovation strategy expert Kaihan Krippendorff, CEO of Outthinker. "New technologies are being adopted faster, and disruption—by competitors, technological innovations, or unforeseen external forces—is ever-present. To survive in the future, your organization needs a strategy that can adapt and flex with the pace of change; one that offers creative options to keep you among the disruptors, rather than the disrupted, and that opens up space for continuous innovation and perpetual transformation."

Haier CEO Zhou Yunjie is fond of quoting these lines from the Japanese novelist Haruki Murakami: "And once the storm is over, you won't remember how you made it through, how you managed to survive. You won't even be sure whether the storm is really over...But you can be sure that when you come out of the storm, you won't be the same person who walked in."

In a world of storms the commonly practiced principles of Zero Distance include the following:

1: **Openness**
2: **Learning From Customers**
3: **Minimal Hierarchy**
4: **Individual Responsibility**
5: **Ecosystem Thinking**
6: **Zero Boundaries**

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## Principle #1: Openness

"Whether for business or for society, openness leads to prosperity, while closure leads to stagnation," say Gary Hamel and Michele Zanini in *Humanocracy* (which draws on the example of Haier). "Companies should set openness as the default state, and the thick black line we drew to distinguish the inside and outside must go. Only in this way can companies have a chance to become as adaptable and resilient as the great cities."

At Haier, Zhou Yunjie proposes the policy of "an open system for win-win co-creation" to improve innovation capabilities in four dimensions: users, employees, ecosystem stakeholders, and the organization. A notable element of this process is that the company is outward looking in its willingness to directly connect with world-leading thinking and thinkers. It draws on an international expert advisory group. Few other companies have sought out leading theorists with the commitment of Haier. Its base in Qingdao welcomes a steady stream of the best minds on business.

Openness applies at all levels—from the individual to organizational. Implicit to this is a willingness to engage with challenging issues and decisions through sometimes difficult conversations.

In Brazil, Target Teal is a collective experiment in working differently. Target Teal positions itself as a learning community. It publishes the organization's meta-agreements, hosts open events, shares tools publicly, and welcomes collaborators into live discussions. This level of openness helps blur the line between client and partner. Some organizations came to Target Teal seeking guidance and left with entirely new capabilities. Others remained involved, contributing to the ongoing evolution of the method. Through this shared learning, Target Teal extended its reach far beyond the size of its core team.

Openness is also at the heart of the work of Indaero in Spain. The company specializes in engineering and advanced manufacturing for aerospace designs and produces accessories, equipment, machined parts, and additive manufacturing components. Transparency is at the heart of the Indaero model. Financial dashboards are accessible to everyone and updated regularly, offering clear visibility into costs, sales, margins, and team contributions. To ensure people can use this information, Indaero runs training sessions on financial literacy and business understanding. Salaries are open. Compensation is guided by a framework co-created with employees, designed around clarity, contribution, and equity. Profit-sharing ensures that collective success is shared.

These practices are not just procedural. They are cultural. Monthly Assemblies create intentional space for dialogue across the entire organization. Facilitated by Coordinator Dunia Reverter, these gatherings blend data review with team recognition, reflection, and trust-building. Dunia explains: "Talking about finance together is not about control. It's about building shared responsibility and long-term perspective." These sessions also surface tensions early, helping teams address misalignments before they escalate.

In the Danish company Vertica the difficult issue of money is handled with openness and care. Every month, everyone at Vertica gets a full update on the company's financial performance. The numbers are shared, the context is explained, and people are trusted to understand the implications. Ten percent of the company's annual profit is distributed to the team, with a little extra going to those who've been with the company the longest. But what seems to matter more is being part of the conversation. People aren't chasing bonuses. They're paying attention, asking questions, and contributing with a sense of ownership. Results aren't only tracked. They are lived, talked about, and shared as a collective experience. True openness emphasizes the collective at all stages.

# Principle #2: Learning From Customers

An advertisement for Dell said: “To all our nit-picky – over demanding – ask-awkward questions customers. Thank you, and keep up the good work.” At the time of the company’s rise Michael Dell observed of the company’s model of customizing computers for individual customers: “You actually get to have a relationship with the customer. And that creates valuable information, which in turn allows us to leverage our relationships with both suppliers and customers. Couple that information with technology and you have the infrastructure to revolutionize the fundamental business models of major global companies.”

This process has accelerated and expanded thanks to technology. A commitment to learning from customers continuously is the capstone of Zero Distance. “It is not about knowing products but about knowing customers,” says Francesco Amati, CEO of the San Marino-based Gruppo ASA. The authors Venkat Aluri and Miklos Dietz observe: “So many companies understand that they need to evolve their propositions but underestimate the scale at which change is needed. To do so effectively, you need to think backward from the future, not forward from the present—but this does not necessarily mean that you need to emulate tech companies or try to envision what amazing futuristic technologies we will have in 50 years. Instead, you need to fundamentally rethink how you define your customers’ needs, your customer base, your industry, your proposition, and the competitive landscape.”

“SO MANY COMPANIES UNDERSTAND THAT THEY NEED TO EVOLVE THEIR PROPOSITIONS BUT UNDERESTIMATE THE SCALE AT WHICH CHANGE IS NEEDED.”

Technology bridges the gap between companies and customers. GE Appliances has developed a digital connection to customers through SmartHQ. This enables users to monitor, control, and update appliances from anywhere. Over-the-air updates and multi-user support keep products improving after purchase, creating a living feedback loop that drives continuous enhancement. This platform also offers AI-powered recipes, links to supermarkets and delivery networks, and subscriptions for consumables (such as water filters, detergent, and wood pellets).

In addition to this, GE Appliances encourages co-creation through FirstBuild, its Louisville microfactory and global co-creation community, which turns user ideas into reality. By building and testing small batches, the company validates demand before scaling. Breakthroughs like the Opal nugget ice maker and the indoor smoker began here, co-created with users and rapidly commercialized. This is backed up by localized manufacturing which ensures user feedback is rapidly incorporated into design and production—since 2016, the company has invested over $6.5 billion in U.S. manufacturing and distribution.

In their analysis of Haier, Daniel R. Denison and Bill Fischer report that the company's best performing micro-enterprises are "actively and broadly pursuing ways and means to be in touch with their customers and users intimately and frequently. As a result, they are not only reading market trends in real time, through the eyes of the user, but they are also open to, and engaged in, cocreation with their users and customers to achieve success for all actors involved in market choices".

They note the following examples:

> The founder of Haier's Smart Vaccine told us that their original idea came from sitting next to an older model cabinet while his children were being vaccinated and noting that the door was always open, reducing the likelihood that any vaccine was being given at the correct temperature. Today, the same physician and nurse "users" are suggesting bandages that warn of infection, and mobile vaccine centers to serve remote rural areas – each of which has since become an entirely new value proposition for the micro-enterprises.
>
> Zero Distance takes on as many forms as there are micro-enterprises, so that although each was trying to get as close as possible to their users/customers, their approaches varied radically. At gaming firm ThundeRobot, the average age of the micro-enterprise's workforce is 26-years old. They are all gamers, so being close to the user is conveniently easy – and incredibly effective.
>
> Deep within one of Haier's washing machine factories, we found a plant manager who spent his evenings reading daily usage reports from Haier's smart appliances, which told him that "20% of our users are habitually using the rapid cycle, that washes the laundry in the fastest way, for small loads". Based on this knowledge, he is designing a new single-function machine that caters to this operationally very simple market segment, estimated to be about 100,000 people in China.

Denison and Fischer conclude: "The variety of such Zero Distance activity at Haier is abundant. In every instance, these micro-enterprises are intimately in touch with their users every day, and despite the differences in their actions, they are all adhering to the same general principle of getting closer to the user."

**MICRO-ENTERPRISES ARE "ACTIVELY AND BROADLY PURSUING WAYS AND MEANS TO BE IN TOUCH WITH THEIR CUSTOMERS AND USERS INTIMATELY AND FREQUENTLY".**

## Principle #3: Minimal Hierarchy

The notion of a hierarchy is integral to the traditional organization—no matter what its size. Responsibility is seen as a matter of your level in the hierarchy rather than something for the individual to assume. In Zero Distance the ornate organizational chart mapping out the organization's hierarchy of jobs and titles is largely redundant.

There are an increasing number of organizations exploring an alternative to conventional hierarchies. For example, TiER1 is a US-based consulting firm that helps organizations improve performance and build strong cultures through strategy, learning, and change initiatives. When the company first began questioning conventional management over twenty years ago, the founders believed there must be a better way for people to feel ownership and purpose in their work. From that conviction emerged what they describe as Dynamically Distributed Authority, or DDA. This model does not rely on a fixed hierarchy but instead organizes people into adaptive teams that gather around specific customers and business challenges.

In Spain, Deluz y Compañia has carved out a distinctive space in the country's hospitality industry. It operates without traditional hierarchy. Over 200 people work across restaurants, shops, and food service programs. Facilitators support teams instead of directing them. Conversations about money, purpose, and improvement happen out in the open. Slack supports coordination and learning across locations. And while the company has faced challenges including tight margins, onboarding new partners, and the emotional toll of uncertainty, the structure has remained resilient.

The Danish company Clever was launched with a simple but powerful mission: to accelerate the transition to electric vehicles. In its early years, the company operated like many startups: fast paced, close knit, and informal. Everyone wore multiple hats, decisions were made on the fly, and mutual responsibility was instinctive rather than formalized. But as Clever grew, the friction of scale became harder to ignore. Hierarchies began to emerge. Decisions drifted away from the teams doing the work. The organization was successful, yet it no longer felt human.

Casper Kirketerp-Møller, Clever's CEO and co-founder, remembers that moment clearly. "We weren't treating each other the way we do in our communities or families," he reflected. "We needed to redesign how we worked if we wanted to stay human as we grew." His response was not to reform the hierarchy, but to remove it. What followed was a radical redesign grounded in what Clever calls *medledelse*, or *co-leadership*. The company eliminated managers entirely. Everyone joined a team of four to twelve colleagues, each with a clear purpose, and every person took on one or more roles defined not by seniority but by

AS THE COMPANY GREW, THE FRICTION OF SCALE BECAME HARDER TO IGNORE. HIERARCHIES BEGAN TO EMERGE. DECISIONS DRIFTED AWAY FROM THE TEAMS DOING THE WORK.

skills and motivation. Roles are not static. They evolve based on the individual's capacity and interest, and decisions are made collectively by consent, rather than by mandate. This approach distributes power to those closest to the work while aligning autonomy with accountability.

Clever organizes its work around a cascading "purpose hierarchy". The company's mission to accelerate sustainable mobility flows through each business area, team, and role. Everyone is expected to understand not only what they do, but why it matters and how it connects to the whole. Each role serves the team's purpose, and each team contributes directly to the purpose of a business unit, ensuring coherence across the organization.

In the Netherlands Ivy Global has eliminated formal management positions and introduced democratic salary setting, transparent financial data, and employee shareholding. Teams handle their own sales, operations, recruitment, and financial planning, while a lean central team supports shared services like HR, communication, and long-term development.

These practices created a strong foundation for autonomy and accountability, yet questions remained around how to sustain alignment, evolve culture, and scale without losing coherence. Most recently, the company has shifted its emphasis from experimentation to refinement. One of the most significant steps this year has been the articulation of long-term strategic intentions for 2030. These priorities were not handed down but emerged through broad participation across the company. Dedicated teams have now been formed to take those intentions forward, each responsible for translating ambition into action. The move reflects a core principle: strategy should not be prescribed but co-developed and owned by the people closest to the work.

In Denmark HR-ON's employees co-authored an Employee Manifesto. This document set out their shared values, including trust over supervision, results over hours worked, and collective responsibility over individual status. The manifesto made it plain that there would be no space for those seeking traditional authority over others. In recent years, this clarity led the company to part ways with colleagues who were uncomfortable without conventional career ladders.

THE MANIFESTO MADE IT PLAIN THAT THERE WOULD BE NO SPACE FOR THOSE SEEKING TRADITIONAL AUTHORITY OVER OTHERS.

Company founder Ali E. Cevik explains that these departures, though challenging, strengthened the organization's maturity and cohesion. He described it as a moment when intentions were tested against reality. "It is easy to say we are inclusive and responsible together. But when people feel their position is threatened, you see what they really believe. That was the examination for all of us," he said. For the teams who remained, this period reinforced the importance of clear values and accountability to one another rather than to a boss.

Etienne Salborn is a changemaker-maker, social entrepreneur and the founder of SINA (Social Innovation Academy). SINA's multi-award-winning framework enables disadvantaged young people and refugee communities in Africa to become the change they wish to see as social entrepreneurs. Through self-organization and "freesponsibility", participants transform from passive aid recipients to active drivers of their own futures. Actively scaling across different African countries through a replication approach, SINAs impact has reached 18 communities in six African countries. Eighty social enterprises have been born and tackle social and environmental challenges while positively impacting millions.

Etienne, originally from Germany, is engagingly enthusiastic and crystal clear about what he understands as leadership: "I strongly believe anyone can become a leader and, if the environment is right, that will happen. But to foster others to become leaders, it also starts with ourselves. So many leaders don't really know exactly why they're doing what they're doing. So asking ourselves that question, 'Why am I here right now? Why am I here on this planet? Not just what do I want from the world, but what does the world want from me?'"

An important element of the transition to Zero Distance often involves senior leaders surrendering some of their power to enable others in the organization to take responsibility. This is something which the Var Group in Italy has put as one of the cornerstones of its transformation program. At Basetis when it began its "Reinventing Basetis" program the company removed its CEO role and began shifting authority closer to the teams delivering value. This reflects the fundamental belief that decisions should be made at the edge, as close as possible to their impact.

"I STRONGLY BELIEVE ANYONE CAN BECOME A LEADER AND, IF THE ENVIRONMENT IS RIGHT, THAT WILL HAPPEN."

**Photo:** Etienne Salborn of SINA.

Henry Stewart, CEO of the UK firm Happy says: "I often ask Chief Executives, to make no decisions for three months. Instead to coach and support your people to make those decisions, ensuring they are made as close to the customer/service user as possible. For me the role of Chief Executive is not to be the expert, the decision maker. It's not to show how clever you are, but to show how clever your people are, to bring out the potential of your team and create the environment that enables all to fulfil that potential."

That is certainly the experience of the Indonesian company Fajar Benua. Under CEO Pande Kadek Yuda Bakti, the company is transforming itself. Along the way to a more open and entrepreneurial organization, Fajar Benua's structure shifted. Middle management roles faded through natural attrition, and Pande began leading differently. "I don't control access to the company's money because everybody holds the money. They don't come to me for decisions. They come to me for feedback." Weekly check-ins replaced top-down reviews, creating space for dialogue, reflection, and shared learning. Employees were no longer asking, "What should I do?" Instead, they were proposing solutions and setting their own goals.

In India the heart of the management model of the tech company Codewave lies autonomy at scale. Unlike conventional growth trajectories, Codewave has eliminated CXO roles and formal boards altogether. "We are just founders, but we are not bosses," co-founder Vidhya Abhijith explains. Leadership is fully distributed. Responsibility and decision-making sit with the teams who do the work.

**Photo:** Henry Stewart, former CEO of Happy and a progressive management pioneer.

"THE ROLE OF CHIEF EXECUTIVE IS NOT TO BE THE EXPERT, THE DECISION MAKER. IT'S NOT TO SHOW HOW CLEVER YOU ARE, BUT TO SHOW HOW CLEVER YOUR PEOPLE ARE."

## Principle #4: Individual Responsibility

Much analyzed in the 1990s, Toyota's production system was based on three principles: just-in-time production, responsibility for quality rests with everyone and any quality defects need to be rectified as soon as they are identified, and the "value stream" (instead of seeing the company as a series of unrelated products and processes, it should be seen as a continuous and uniform whole, a stream including suppliers as well as customers). Similarly, GE's practice of Six Sigma spread the responsibility for quality. Instead of being a production issue it was re-cast as an issue for every single person in the company.

Zero Distance develops this sense of individual responsibility. This is encapsulated in the pithy and aspirational expectation of the phrase used by Haier: "Everyone is a CEO." With this in mind, the job of the manager is not to take responsibility but to allow others to do so. Encouraging and taking individual responsibility lies at the heart of the practice of Zero Distance. Zhang Ruimin once described the ultimate goal of Haier's approach as not just transforming an organization, but helping people lead themselves. This leadership from everyone, not over everyone, is evident in how a progressive company like Deerns Spain has embedded peer-led feedback, transparency in pay, and voluntary role rotation. As Deerns' country manager puts it: "You don't need ten screens to control everything. What you need is trust."

ZHANG RUIMIN ONCE DESCRIBED THE ULTIMATE GOAL OF HAIER'S APPROACH AS NOT JUST TRANSFORMING AN ORGANIZATION, BUT HELPING PEOPLE LEAD THEMSELVES.

Zhang Ruimin, talking on the ZeroDX Journey in 2025 in Italy, explains it this way:

> There's only one criterion for judging whether Zero Distance has been achieved: Is every individual an autonomous individual? And there are three elements that determine whether someone can truly persevere as an autonomous individual: fear, honor, and benefit. These concepts were first outlined by the ancient Greek historian Thucydides in *The History of the Peloponnesian War*. He used them first to explain the causes of war, and later applied them to society and organizations.
>
> **Fear:** What people are afraid to lose, afraid will happen.
>
> **Honor:** What people aspire to gain.
>
> **Benefit:** The pursuit of maximum personal benefit.
>
> In a bureaucratic company, who holds the one thing that the employee is afraid to lose? It is in the hands of their manager. If they want a promotion or raise, they must curry favor with their bosses—their personal value and benefits are externally controlled. Haier is user centric. In traditional companies, the department head is the employee's direct superior. At Haier, we've eliminated 12,000 middle managers—there is no middle management layer. Everyone has only one 'superior', and that is the user. Teams are organized around user needs, allowing employees to realize their own value through direct engagement.

Autonomy raises a number of issues. The most frequently voiced concern is that autonomy brings disorder and chaos. Keeping order is a traditional managerial task. The challenge here is to develop suitable governance mechanisms—such as dynamic contracting—which ensure that administrative order is maintained while autonomy geared around developing customer value is enabled. Janka Krings-Klebe and Jörg Schreiner, authors of *The Anti-Fragile Organization,* argue: "Autonomy, far from being the absence of structure, depends on thoughtful governance, frameworks that clarify how we decide, interpret, and adapt together. The question is not how much structure we can eliminate, but how governance can enable genuine freedom and collective intelligence."

There are a growing number of organizations able to demonstrate the balance of freedom and governance. They include the Brazilian online recruitment company Vagas.com, an organization built on self-management and mutual trust. The organization functions without traditional managers, relying instead on flexible circles where any employee can initiate decisions. These follow a streamlined four-step process that begins with identifying a need, followed by assembling a small group to craft a proposal. Concerns are addressed through open dialogue, and once a decision is made, it is shared across the organization for transparency. The only coordinating role, the orchestrator, offers support but holds no authority. This structure gives those closest to the work the ability to act swiftly and with confidence. Similar to the concept of micro-enterprises, individuals at Vagas are empowered to operate with clarity and responsibility within a shared mission; organization and autonomy.

**Photos:** Janka Krings-Klebe and Jörg Schreiner, authors of *The Anti-Fragile Organization.*

"AUTONOMY, FAR FROM BEING THE ABSENCE OF STRUCTURE, DEPENDS ON THOUGHTFUL GOVERNANCE, FRAMEWORKS THAT CLARIFY HOW WE DECIDE, INTERPRET, AND ADAPT TOGETHER."

Also in Brazil is Eppo which aims to improve urban environments. It began as a family business and grew into a living network of interconnected circles, where people take responsibility not because they are told to, but because they see the impact of their work every day. Decision-making is no longer confined to titles, and initiative is recognized wherever it appears. As Rodrigo Ventre, the second family generation involved with the company, puts it: “When self-management reaches people’s hearts, not just their minds, the work becomes theirs.” That shift has not only reshaped how Eppo operates, it has redefined what it means to belong to a company, where people grow by leading and stay because it feels like their own.

In Argentina there is software development company 10Pines. The company’s horizontal structure is central to how it operates. There are no bosses. Work is organized through circles focused on areas such as recruitment, finance, infrastructure, and company culture. Each circle is autonomous and open. Participation is voluntary and based on interest or expertise. Roles are fluid and defined by involvement rather than hierarchy. Circles function as shared management spaces where decisions are made by consent, not consensus or vote. “It sounds crazy to think that nobody tells anyone what to do,” says 10Pines co-founder Jorge Silvas, “but it is the extreme trust that leads us to be responsible.” This deep cultural trust reflects the logic of micro-enterprise thinking, where small teams act with accountability and initiative inside a broader organizational framework.

The IT consultancy Quadero has no formal managers. Responsibility for running the company is distributed among employees. One consultant looks after mobility and car leasing, another manages hardware procurement, and others take care of aspects of internal development. The idea is to let people shape the way the company works rather than relying on a separate management layer. This level of freedom can be uncomfortable at first but, over time, the Quadero team has been learning that autonomy is not simply granted—it has to be practiced, supported, and sometimes coached.

DECISION-MAKING IS NO LONGER CONFINED TO TITLES, AND INITIATIVE IS RECOGNIZED WHEREVER IT APPEARS.

# Principle #5: Ecosystem Thinking

Broadly interpreting and nurturing ecosystems is a founding principle of Zero Distance. The business case is clear. This is the age of ecosystems. If you had any doubt about this bold fact, a glance at Venkat Aluri and Miklos Dietz's The Ecosystem Economy would cast away any doubts. Defining an ecosystem as "a complex connected community of interacting digital/physical business organisms", Aluri and Dietz predict that in the coming decades the ecosystem economy could drive $70 to $100 trillion of revenue in the global economy.

The entrepreneurial and educational ecosystems which surround Silicon Valley, and other clusters worldwide, have been celebrated and examined for decades. Ecosystems have traditionally been looked at from a scientific, technological or systemic perspective. There has always been the sense that thinkers and practitioners have been intent on containing and describing ecosystems rather than setting them free and acknowledging their inherent messiness and complexity.

Central to the practice and understanding of ecosystems are the ecosystem principles of openness, equality, co-creation and co-sharing. An element which is often overlooked in ecosystems is their fundamental humanity. This is how James F. Moore charts his own journey: "The biggest change in my thinking over the last 30 years is that I used to think about ecosystems largely in terms of very large things—the Intel ecosystem or open source ecosystems made up of large collaborations of institutions. Obviously, that's still relevant or even more relevant, but what I'm really focused on is people and people's creativity and co-creation. When you look at vast platforms like Facebook, Google or Amazon, they actually don't generate the value. The value is generated by human beings in all sorts of ways when they're participating in the ecosystems and then the platforms help orchestrate it and make things possible."

The humanity of ecosystems is also something which Columbia Business School's Rita McGrath drew attention to in a BEA event. Pointing to the changed tone of Microsoft's relationships with other organizations under CEO Satya Nadella, McGrath suggests that building an ecosystem demands what she describes as "a generosity of spirit". "The first thing you have to remember is the metric of success is whether you all create something of value—and not do I own the lion's share of the value? Nobody's going to want to partner with you if you go in with that attitude," she says. "The second thing you need to be very aware of is that human relationships don't stay static. You enter into an ecosystem because you think it's going to be great and it does great things for you, but it evolves over time."

**Photo:** Ecosystem pioneer, James F. Moore.

Ecosystems are personal and human, but increasingly there is awareness that they transcend the conventional ways of thinking about systems and organizations. There is growing interest in how ecosystems work in creative settings such as in music—see Rik Spann and Simon's Martin's book *Re-Sounding* to learn more on this as well as their BEA webinar on the subject. And ecosystems are now embracing a philosophical lens. For James Moore this has been part of his realization of the essential humanity of ecosystems. "One of the things we don't talk about much in business is where our philosophical, spiritual and shared purpose values and concepts and understandings come from," he reflects. "Knowing that offers a profound advantage."

Ecosystems are intrinsic to all that Haier does. "One way of thinking about Haier's success in repeatedly transforming itself over nearly four decades is that its corporate DNA runs deep by replicating itself at each organizational fractal," says long-time Haier commentator Bill Fischer of IMD. "This fractal nature of Haier is a source of its strength, an alignment based on similarity of behaviors and attitudes at every level of the organization in the way that relationships are engaged. As a result, it is entirely possible that Haier's future lies more with its ecosystem relationships than it does with its heritage business lines."

There is increasing realization that the competition of the future will be based on ecosystems rather than corporations. "Our model is designed to create a dynamic ecosystem of businesses," says Fabrizio Martire, CEO of Italy's Gummy Industries.

The Japanese company Kitamoku has embraced a philosophy called LUOMU, derived from the Finnish word for organic. This philosophy demands systems that are adaptable, inclusive, and regenerative. The company views its work as cultivating ecosystems of livelihood. CEO Keiichiro Tsuchiya often draws parallels between ecological management and organizational design: "We believe that building forests and building organizations follow the same principles. By taking good care of small ecosystems, the larger ecosystem becomes beautiful. But to achieve this, we must alternate between a bird's-eye view and an insect's-eye view."

"ONE OF THE THINGS WE DON'T TALK ABOUT MUCH IN BUSINESS IS WHERE OUR PHILOSOPHICAL, SPIRITUAL AND SHARED PURPOSE VALUES AND CONCEPTS AND UNDERSTANDINGS COME FROM."

## Principle #6: Zero Boundaries

Zero Distance is founded on the fragmentation of the traditional organization. Think Zero Boundaries. Self-managing teams—micro-enterprises in Haier's terminology—are given autonomy and authority to make decisions, directly interacting with customers. Teams are accountable for their results, with all employees sharing in the organization's success.

This highly decentralized structure runs counter to the prevailing wisdom of how large organizations should be organized. Decentralization can work in organizations of all sizes. As businesses grow they typically develop bureaucracies and power is centrally concentrated. Organizations can counter this trend early in their evolution. Small can become smaller.

For example, the Tokyo-based startup studio Gaiax functions as a hybrid of operating business and investor. As branding director Natalia Davydova puts it: "We continue to break down the walls between internal teams, alumni, and shareholders, creating a more open, inclusive, and collaborative community." Gaiax supports new businesses through three main pathways: in-house incubation, carve-outs, and strategic investments in external startups aligned with its values. These three channels are also how the company collaborates with alumni. Gaiax engages with former members as founders of carve-outs, leaders of independent ventures, and partners in missionaligned businesses in areas like the sharing economy, social media, Web3 and decentralized autonomous organizations.

Gaiax has nurtured over 75 startups. Fifteen of those have been spun off from within Gaiax itself and set up by alumni, and at least six have gone public. Each reflects an emphasis on enabling internal micro-enterprises to become externally competitive business entities.

Gaiax does more than fund companies. It nurtures entrepreneurship from the start. It offers handson business validation, early-stage incubation, and targeted operational support for entrepreneurs emerging from within its community. These services are structured to let founders focus fully on developing their ideas.

Elsewhere, in the Indian technology sector, Codewave (with nearly 200 employees) evolved its structure into entrepreneurial clusters of 21 people. This cap ensures agility and prevents bottlenecks. "Decentralization is one big learning for us. The moment a cluster becomes more than 21, we break it down and split into two," co-founder Vidhya Abhijith says. The approach is to create small, customer-facing, self-managing units with full P&L accountability. Codewave's Boundaries of Action (BOA) framework empowers each team to make decisions independently, from staffing and technology choices to client negotiations and financial targets. Teams do not need permission to act; instead, they operate within clearly defined boundaries. A self-management volunteer team monitors how these boundaries evolve, continuously identifying new areas where teams can take full ownership.

A HIGHLY DECENTRALIZED STRUCTURE RUNS COUNTER TO THE PREVAILING WISDOM OF HOW LARGE ORGANIZATIONS SHOULD BE ORGANIZED.

Everest Engineering is a tech company which operates in Australia, India and Malaysia. To bring its 250 employees and 50 plus customers closer together it broke the organization into smaller, more autonomous parts. This was the result of a consultation process to better understand the problems, frustrations, and needs of its team. The transformation involved collaboration with customers to ensure the changes made sense from their perspective. This iterative, feedback-driven process helped align Everest's internal structure with customer needs.

This collaborative approach led to the decision to segment the business into smaller units based on the business lifecycle: startup, scale-up, mature, digital, and enterprise. Initially, users did not notice the changes, but over time, the relationships and interactions became more structured and effective. Customers benefited from having dedicated contacts and smoother communication channels.

In Madrid the software development firm Inforyde has developed an innovative system of governance which revolves around six knowledge teams, each connected to a core technology or function: C# (a programming language commonly used for developing enterprise software), Python, web development, infrastructure, data and activity analysis, and support services. Each team selects a rotating representative who participates in a monthly Steering Meeting where proposals are reviewed, clarified, and, when appropriate, passed on to the General Assembly for broader discussion and consent-based decision-making.

In parallel, four cross-functional teams focus on longer-term strategy in key areas: Culture, Economy and Salary Bands, Product, and Training. These teams are composed of members from various knowledge areas and demonstrate an emphasis on distributed authority and localized decisionmaking. While no one formally leads these teams, coordination, facilitation, and continuity are ensured through rotating roles and strong peer accountability.

The Dutch financial services company Viisi is built around circles that operate with significant independence, with roles like Lead Link and Rep Link elected by peers and rotated over time. These structures make Viisi less of a traditional hierarchy and more of a network, with authority distributed rather than concentrated. While the founders believed that rotating responsibilities would help everyone develop, the company learned to balance this principle with respect for personal differences. "We have a rotation principle, to raise the floor and give people experience," says co-founder Tom van der Lubbe. "But we also have the principle of experience itself. In good times, you rotate. In bad times, you value experience." Over time, Viisi accepted that real autonomy means some colleagues prefer not to take on coordinating roles, and that choice deserves respect. This combination of distributed authority and individual freedom reflects the idea that self-managing teams must have the space to decide how they operate, without being forced into uniform solutions.

"WE ALSO HAVE THE PRINCIPLE OF EXPERIENCE ITSELF. IN GOOD TIMES, YOU ROTATE. IN BAD TIMES, YOU VALUE EXPERIENCE."

# Four:
# Key Questions

### Zero Distance
How close are the organization’s employees to customers? How is that distance minimized and the value so generated maximized?

### Team Working
How effectively does the organization maximize teamworking at all levels? Do you utilize user-focused and independent teams that can move fast and smoothly within the organization?

### Autonomy
To what extent are employees able to independently create value for customers?

### Ecosystems
To what degree does understanding of and best practice in business ecosystems permeate the organization?

### Responsiveness
How responsive to market needs are individuals and the systems in the organization?

### Utilization of technology
How is technology viewed and used in the organization? Does it break down boundaries or create them?

### Leadership
To what extent does the organization’s leadership mirror and role model key Zero Distance concepts?

### Culture
Does your organization’s management philosophy and culture allow the organization to proactively react to newly identified user needs?

### Organizational design and processes
Does your organizational design and processes eliminate organizational barriers that separate employees from end users?

### Accountability
Is end-to-end accountability for the experience of end users taken by the company and/or independent teams?

### Data
Does the systematic collection, storage and use of end user data increase value for your organization’s end users?

# Five:

# ZeroDX@ Work

## Gummy Industries

The Italian digital communication agency Gummy Industries is based in one of the original Fiat showrooms in Brescia. Its home exudes creative-cool. With 60 employees, it offers web design, branding, advertising, and influencer marketing services to Italian and international enterprises. As the company says, “Marketing consultancy is a very serious business, but we want to stick in people’s minds. That’s why everything we do has a twist to it.” The gummy in the company’s name and logo is meant to recall fun, curiosity, discovery, and the interest to connect and interact, typical of this smart, vibrant and dynamic agency.

Established in 2011, Gummy had delivered good financial results and continuously attempted to nurture freedom, responsibility, and a stream of new ideas with value both for clients and colleagues. It introduced an unlimited vacation policy and full-remote work even before the pandemic. Mutual trust in colleagues was combined with the belief that quality outcomes don’t necessarily require long hours in the office. Among its handful of principles was a belief in minimizing rules and leaving employees as much freedom as possible; breaking down person-to-person but also team-to-team barriers to support information sharing and collaboration; a “better done than perfect” attitude with a predisposition for speed over control; constant and honest feedback; a belief that an excess of tranquility and stillness would threaten Gummy’s success; and the longer term need to create a company able to thrive without a central role for its founders.

But as Gummy Industries grew, it witnessed a number of concerning issues:

- A visible distance of new colleagues from customer needs and expectations.
- Even the management team and company strategy detached from market trends and demands.
- A mounting reduction of flexibility and speed toward change—exacerbated by technological change, especially in new media channels, and developments in consumer behavior.
- The necessity to go through multiple approval levels, even for daily activities, in a reasonably small firm.
- The search for a continuous, collaborative, and distributed approach to reinvent the company’s services at the pace of online behaviors and social platforms.
- Too much centralization of decision-making power in the hands of the two founders.

**Photo:** Zhang Ruimin enters the debate at Gummy Industries in Brescia.

Realizing the importance of these issues and already committed progressive values, Gummy wanted more and began looking at different organizational models. As a starting point, Fabrizio Martire and Alessandro Mininno, co-CEOs of the agency, decided to transparently open up the transformation journey by inviting all of their colleagues to an off-site and honestly sharing their hopes, fears, expectations, and initial hypotheses for Gummy Industries 2.0.

The result was that, inspired by Haier's RenDanHeYi model, Gummy set about changing its culture, philosophy and the way it worked. Gummy was transformed into an incubator of new ventures, with employees co-creating and leading them through flat and autonomous teams, shared services to support scale and a unit already incorporated into a new entity.


**Photo:** Emanuele Quintarelli of Chaordian and Gummy Industries CEO Fabrizio Martire.

Emanuele Quintarelli of Chaordian observes: "A nimble and progressive marketing agency, Gummy was searching for innovative, human-centric, and more entrepreneurial management models. In less than 12 months, their brave, end-to-end adoption of Haier's RenDanHeYi transformed the firm into a scalable and ecosystemic venture builder, with services turning into autonomous units and colleagues becoming business owners supported by lean central support capabilities. With exciting financial returns within six months from the launch, their journey provides clear testimony of both the immense potential and quick payback RenDanHeYi can deliver."

## Making Change Happen

In 2021 the company divided itself into six micro-enterprises. At the heart of its innovative organizational re-birth is the development of a new language. It uses the language of kitchens, restaurants and food to explain its ecosystem-based approach. New business ideas are labelled "Food trucks". Micro-enterprises are "Kitchens" which are managed by "Chefs" responsible for P&L. The Chef shares a percentage of the unit's margins with the whole team. Colleagues offering their services by being part of a kitchen started to be known as a "brigade". There are also "Food critics", trusted external partners. "Restaurants" are spin off ventures. There is a "general market", which offers services which are common to most kitchens: accounting, human resource management, marketing and sales development. "Our model is designed to create a dynamic ecosystem of businesses," says Gummy's Fabrizio Martire reporting that over 20 food trucks (ideas) are currently being evaluated and supported.

No-one in the company had previous entrepreneurial experience and only a few had managed a team, yet service specialization quickly emerged during the formation of the kitchens. Some of them offer digital strategy help, others focus on brand design, media planning, or content production. Kitchens offer a combination of standard services on which they compete plus vertical specialized services that set them apart. Industrial sectors (e.g., fashion vs. telcos) acted as a secondary area of specialization for those kitchens that were initially too close in terms of services.

The kitchen teams are very small and there is no internal hierarchy. Everybody in the team is able to talk to the client directly. This means that Gummy Industries can listen closely to client needs and implement new services and new ways of working as and when required. Every kitchen is able to define the scope of its work and to pick freely the kind of service it wants to provide. Client accounting is supported by the central market and the teams share the common culture.

Infusing a structure into the team. Unlike Haier, Kitchens demonstrates a recurring structure of roles that the Chef and the brigade have to fill. Each kitchen is primarily flat, with the Chef taking responsibility for the Profit & Loss and one or two project managers operationally coordinating activities. The Chef also acts, in a delivery role, as one of the brigade's members. Everyone in the team has the possibility to interact with the client without having the Chef as a filter.

## Sticky Wisdom

The message is the model. Encapsulating the complexity of the RenDanHeYi into a cool, simplified, Italian storytelling with friendly, easy-to-understand graphics helped the founders intrigue, onboard, and energize their colleagues into a profound and potentially uncomfortable transformation. Since organizational design hardly succeeds at warming business people's hearts, creativity must be used to attract, build bridges and make the experimentation more attractive. Everyone at Gummy has bought into the language and with it a new ecosystem and entrepreneurial outlook.

THE KITCHEN TEAMS ARE VERY SMALL AND THERE IS NO INTERNAL HIERARCHY. EVERYBODY IN THE TEAM IS ABLE TO TALK TO THE CLIENT DIRECTLY.

This was achieved with amazing speed. Micro-enterprises, prototypical Ecosystem Micro-Communities, Industry and Shared services Platforms, and even the incorporation of the first new entities were all designed and prototyped in less than six months to be launched and validated within the first year. This confirms how quickly a mature RenDanHeYi implementation may happen in smaller environments when the right conditions are met.

Even more substantially, Gummy Industries commenced a business model transition, from doing work to acting as the venture builder, incubating others to do work, which more and more firms are attempting. Thanks to their success and experience, the two founders decided to give back to their community of younger colleagues by nurturing their possibility to follow the same path quicker, safer, and more effective. The first spin-off venture is Flatmates, a 10-people team co-owned by the agency, some former employees, and external partners. Notably, Gummy Industries is not interested in gaining a majority share in the newly incorporated entities due to its central goal of nurturing its people's professional and emotional development by letting them feel in control of their ventures.

The lessons? The new system has been optimized for creativity, ideas, experimentation, and learning more than profit maximization. Kitchens have the right to make mistakes, even to lose clients or see projects fail, as long as it could be a chance for improvement, refinement, and long-term growth.

Kitchens may retain 20 percent of the profits they generate and independently decide whether to distribute it (to the sole chefs or among the entire brigade) or if to use it for investments and other expenses. The other 80 percent pays for everybody's salary, including the Farmer Market services and the kitchens' investments.

The introduction of kitchens helped Gummy Industries and its founders to switch to an outside-in relationship with the market by having Chefs and brigades swiftly identify and develop the new services that clients desire at a specific point in time. As a result, seven new offerings emerged in one year instead of the seven years it would have taken through a traditionally sequential approach. New consulting services for the metaverse are an example of a distributed, forward-looking take to anticipating premium offerings that will soon generate traction. Each new service could attract additional corporate clients, drive hundreds of thousands of revenues and increase the credibility and desirability of the brand.

GUMMY INDUSTRIES IS A DEMONSTRATION THE PRINCIPLES BEHIND ZERO DISTANCE CAN WORK VERY WELL IN SMALLER AND LARGELY UNSTRUCTURED ENVIRONMENTS.

In summary, you can take inspiration from an innovative company like Haier but you have to adapt to your context. True transformation requires a new and shared language — think of the language surrounding quality or the agile movements. Creating your own organizational language takes this a stage further. (In another example, the Italian company [Arsenalia] created a new structure built around two core concepts: guilds and domains. Guilds serve as professional communities where employees build expertise, share practices, and uphold quality standards. Each guild focuses on a discipline, such as technology, strategy, project management, or creativity, and are responsible for learning pathways and skill development. Domains function as flexible business areas that bring together people from across guilds to tackle customer challenges and deliver solutions.) "When people feel part of the story they write the next chapter," as a Gummy chef puts it.

Gummy Industries is a demonstration the principles behind Zero Distance can work very well in smaller and largely unstructured environments. As Emanuele Quintarelli of Chaordian summarizes: "Gummy Industries is a prime example of how Haier's experience and insight can be fruitfully and rapidly tailored even to distant cultural and business landscapes, empowering individuals with varying degrees of organizational and financial acumen to become inspired and inspiring leaders, precious sensors of new market opportunities, and champions of consumer needs while still respecting their unique values and regional traits. Millions of other young, creative, and nimble firms around the world should take inspiration from them."

## ASA Group

It would have been easy for Gruppo ASA to kick the can down the road. Results were disappointing and had been for a while. But, the family-owned company based in the small Republic of San Marino chose to confront its poor performance by embracing difficult conversations and igniting work to reinvent the very DNA of the organization.

Set up in 1961 ASA Group is a metal packaging company with a history of growth and expansion that led it to seven production sites with a total turnover of 135 million euros exclusively reached through its core business in the production of tinplate steel cans. Its primary markets are: the chemical sector (cans for paints, varnishes, thinners, solvents, etc); the food sector, especially olive oil containers, since Italy is one of the main producers and milk powder in Switzerland, but also coffee, seeds, and dried fruit; and packaging production for aerosol spray cans.

The group operates in four countries: the Republic of San Marino, with one production site; Italy, with four production sites; and Switzerland and the U.K., with one site each. ASA employs 500 people and collaborates with a large network of partners and suppliers.

For ASA, both 2018 and 2019 were disappointing years. Worse was to come. COVID-19 had a shocking and shattering impact on the packing sector and the already struggling company. With a fear of continuing isolation and needing to move quickly, a hybrid crisis team of 15—managers, HR, and people from the plant—came together. The situation was exacerbated by logistics turmoil (limitations and price increases in raw materials costs and shipment), making effective and sustainable supply chain management particularly complex.

ASA realized an entirely new reality was emerging and it needed a response. Michele Amati, one of the company owners, instinctively grasped how launching a new strategic plan without a profound and aligned organizational redesign couldn't work. The crisis unit morphed into a transformation and re-foundation unit with new members and much broader responsibilities. Part of the team started to realize the need to substantially rethink how the company operated. Identifying the need for change is an important start but only a beginning. The company's crisis unit looked at organizational alternatives and encountered Haier and RenDanHeYi. It identified it as a potential means of addressing a number of core issues:

**Distributing autonomy.** Transferring profit and loss autonomy and allowing an independent choice of the value proposition to teams lower in the hierarchy could free market forces inside the firm and shift organizational culture and behaviors.


**Photo:** The Gruppo ASA leadership team take questions in San Marino.

**Infusing agility.** The rapid, deep, and unpredictable changes in the external environment demanded much higher agility levels. Anticipating and timely action based on weak signals required lean, adaptive, less monolithic governance. More autonomy within a common purpose could only be unleashed through a new organizational model.

**Unlocking human potential.** Better tapping into human ingenuity, passion, and willingness to add value was another primary driver. ASA wanted to accelerate its journey from a typical family-owned company toward a business with a broad employee base acting as owners/entrepreneurs.

**Formalizing an experimental approach.** ASA had been struggling to create a disciplined, structured process for evaluating, selecting, and giving continuity to experiments. It aspired to an explorative, iterative, participative, and pilot-based intervention model to empower a broad portion of the employee base to pick, validate, diffuse, and scale new practices and behaviors.

**Photo:** Zhang Ruimin and Francesco Amati, CEO of Gruppo ASA.

**Fostering information symmetry.** Awareness, expertise, and data were preconditions for effective decision-making and action at the edges. Information symmetry had to include market trends, detailed company performance, emerging opportunities, and threats. Access to data had to been accompanied by education in understanding and acting on corporate and unit performance data. This is often a capability missing in the middle of a typical organizational chart.

**Getting over managers.** Last but not least, a form of self-management with employees picking and coordinating their work as peers instead of being commanded and controlled by a manager resonated with the culture role-modelled by ASA's owners and senior management. Empowering individuals in teams to figure out how to decide together as peers was a means of reducing the number of managers.

The CEO Francesco Amati and group marketing and sales director Michele Amati were the chief converts and champions of both the need for change and for the re-orientation of the company's thinking to embrace Rendanheyi. In 2023 and 2024 three initial pilots were established.

In the first the Logistics Department became a Shared Service Platform (SSP) and increased its efficiency by lowering internal costs and exploring additional services (related to transportation and warehouse management) to be offered to the market to attract revenues. This was among the first attempts of ASA Group to move from a product to a service focus and from functional departments as cost centers to entrepreneurial units as revenue centers. The profit newly generated by the unit has been distributed among the owner and two other colleagues (after balancing a good part of the unit's cost).

In the second pilot, Digital Printing formed a micro-enterprise that, through its VAM, gained access to significant investments from ASA to launch a new, more flexible, and effective printing process and technology featuring unique 3D effects on metallic packaging in partnership with an external vendor.

The newly formed team detached itself from ASA's core business to enjoy all the rights, benefits, and freedom of a micro-enterprise funded and incubated by the Group. Its owner gave up managing one of ASA's most important plants (with over 150 people) to start a new business venture from scratch. Thanks to it, ASA reduced production costs, achieved a distinctive market position, and unlocked recurring revenues in the form of royalties by selling digital printing machines developed by its partner to competing producers.

In the third pilot Oil Millers developed into a combination of a sales micro-enterprise and an Ecosystem Micro-Community (EMC) to investigate, capture, and address the needs of a specific customer segment (olive oil millers and bottlers). Thanks to this, ASA began to evolve into a customer-driven producer, reducing the distance from its market by investigating user desires, unmet needs, and competitors' strategies. Due to the new-found freedom, Oil Millers decided to also procure new (non-metallic) packaging from other providers to both differentiate the business and reinforce customer intimacy and they became the single point of contact for all the interactions of their customer base.

**DURING 2024, THE ORIGINAL THREE PILOTS BROUGHT IMPRESSIVE RESULTS.**

During 2024, the original three pilots brought impressive results.

In a very competitive business environment, the Logistics SSP repaid 25 percent of its costs by commercializing its services to the market and validating entirely new business models (e.g., digitalizing warehouse management for some of its largest couriers).

Digital Printing generated an innovative revenue stream through royalties from the sales of digital printers. It obtained 420,000 euros of revenue and improved the productive process by opening the door to a much more flexible, efficient, and personalized printing service.

The Oil Millers EMC brought two new products to market not sold by ASA Group and achieved a year-on-year revenue increase of 18 percent (1.7 million euros). The results enabled EMC members to access profit sharing. Even more, it generated positive friction between sales (the Oil Millers EMC and Sales ME), procurement, and production (manufacturing plants in Italy and San Marino) with market demand, fluctuations, and challenges transparently transferred to internal teams, pushing the entire organization to improve its procedures and processes.

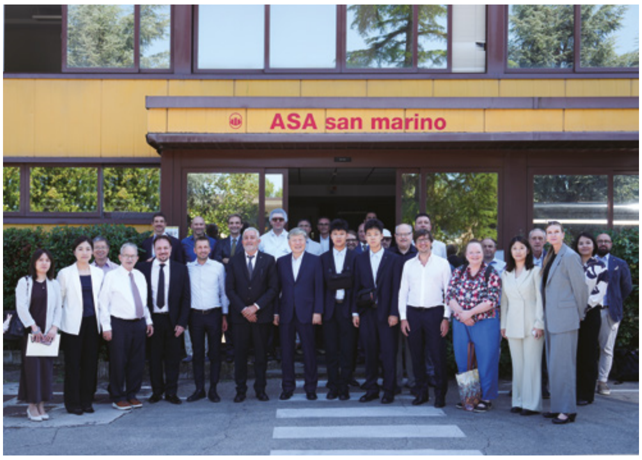


**Photo:** Zhang Ruimin, expert guests and the Gruppo ASA team.

## Moving Forward

Based on the results and learnings produced by the first three pilots, ASA decided to further experiment with RDHY principles and practices in the following areas:

The acquisition of a competitor (Ceredi) has been imagined, planned, and executed, considering the new team as a separate micro-enterprise to be integrated, but not fused into ASA. The autonomy and peculiarities of the new company have been preserved as it begins to investigate areas in which ASA can benefit by tapping into the excellence (e.g., processes, techniques, mindset) and market relationships (e.g., clients) of Ceredi.

Oil Millers has grown into a larger EMC responsible for ASA's entire sales in the oil sector (worth tens of millions of euros). The original Oil Millers ME has been joined by a third owner responsible for national and international sales to other customers in the industry. Other team members have been added to optimize order and back-office processes. For the first time, two of ASA's major production plants actively participated in designing the EMC contract by negotiating their commitment in terms of service exchange and access to profit sharing.

A new micro-enterprise specializing in the sale of metallic packaging in the chemical sector (44 million euros of target) across European countries has been established by two new owners, drawing inspiration from the experience accumulated in the oil market. With a team of nine, the Chemical ME is pursuing ambitious targets. This means that EMCs are now responsible for 70 percent of all ASA sales.

For the first time, Zero Distance ideas are being formally introduced in a production plant (Conversano, in southern Italy). The leader of the Logistics SSP agreed to accept a second role as the owner of the plant ME, and he's now guiding nearly 30 people in revamping the plant through improved safety and energy-saving measures; increasing the amount of accountability; putting costs under control and achieving systemic efficiency in productive processes; establishing a more precise, long-term mechanism to predict market demand, timely purchase of raw materials, and optimize planning to guarantee better working conditions, more stable production paces (with fewer peaks in high season), better quality levels, and more convenient costs per item sold.

BASED ON THE RESULTS AND LEARNINGS PRODUCED BY THE FIRST THREE PILOTS, ASA DECIDED TO FURTHER EXPERIMENT WITH RDHY PRINCIPLES AND PRACTICES.

**Photo:** Zhang Ruimin makes a point visiting Gruppo ASA in San Marino.

The accelerated speed of transformation made it increasingly necessary to maintain control over experimentation through a centralized committee. The board is now considering the opportunity to launch a new structure in the form of a formal Industry Platform, which could ensure coherence among the multiple pilots, mitigate legal and strategic risks, allocate resources effectively, and minimize organizational friction.

The firm is reinforcing its ability to set and measure leading goals and to evaluate progress monthly through P&L analysis for each micro-enterprise and EMC. At the end of the experimentation phase, the software is expected to take over this responsibility by automating and simplifying reporting, decision-making, and pivoting based on results.

Step-by-step, the lessons gained from the pilots are letting a new operational paradigm emerge. The new playbook will be consolidated and replicated in all support functions, production plants, commercial teams, and the structure of ASA, first in Italy and then abroad.


"The manufacturing environment exemplified by ASA Group is currently exposed to forces dramatically challenging not only the future but even the existence of individual firms," says Emanuele Quintarelli of Chaordian. "In harsh times and a market historically distant from end consumers, ASA Group stood on the shoulders of RenDanHeYi to pervasively distribute power, responsibility, and skin in the game to all employees. All of them have been invited, but also supported, in stepping ahead, coming up with new ideas, and taking concrete action to reduce the distance between the company and its customers, and, consequently, building a bright future for the Group and for themselves."

AT THE END OF THE EXPERIMENTATION PHASE, THE SOFTWARE IS EXPECTED TO TAKE OVER THIS RESPONSIBILITY BY AUTOMATING AND SIMPLIFYING REPORTING, DECISION-MAKING, AND PIVOTING BASED ON RESULTS.

**Photo:** Emanuele Quintarelli of Chaordian is helping companies in their RenDanHeYi journeys.

## VAR GROUP

Var Group is a 52-year old international system integrator that supports companies in their digital evolution and develops business models to enhance their excellence worldwide. It has over 4200 employees operating across 15 countries, including China and the U.S., and a turnover of more than 875 million euros with the ambition to exceed one billion euros in the coming years. Var is part of SeSa SPA, a provider of technological innovation and digital solutions for the business segment, with consolidated revenues of over 3.5 billion euros.

Var Group historically invested in mergers and acquisitions, targeting other players with vertical expertise in the same or adjacent markets. It has been involved in 36 M&As over the last five years alone. This delivered up-to-date competencies and sustainable, double-digit growth. The result is a diversified constellation of multiple entities, cultures, systems, and teams under a common brand and governance. Protecting its energy, autonomy, and optionality DNA while accelerating a compelling, credible, and well-orchestrated trajectory of further penetration in Italy and abroad was the central challenge that encouraged Var's interest in platform organizations and Haier's model.

Var GROUP HAS OVER 4200 EMPLOYEES OPERATING ACROSS 15 COUNTRIES, INCLUDING CHINA AND THE U.S., AND A TURNOVER OF MORE THAN 875 MILLION EUROS.


**Photo top:** Stuart Crainer of Thinkers50 launches the ZeroDX Journey at Var in Milan.

**Photo bottom:** Umberto Lago of the University of Bologna maps out the lessons from Var Group.

More specifically, the group's leadership team was searching for solutions that could deliver the following benefits:

- Protecting and fostering the entrepreneurial drive and identities that allowed the original legal entities (now business units in Var Group) to bring excellent services, customer experience, and value to their markets.
- Enabling smooth, scalable, and modular integration and composition of all the capabilities offered by the business units in the Group.
- Balancing business units' priorities and incentives with Var's overall goals, growth and brand equity.
- Making it easier for clients to perceive, understand, and consume the most appropriate subset of the company's growing and sometimes confusing portfolio.
- Developing internal cooperation mechanisms through which business units could collaborate and support each other.
- Maintaining a complete, coherent, and up-to-date picture of what business units offer, considering the opportunity to resolve excessive overlaps or duplication.
- Timely collecting and acting on market trends to refresh the service portfolio.
- Continuing the journey of power distribution from senior management to the business units.
- Having time and cost-effective ways to participative in and adhere to policies with impacts across all the business units.

## Making the Move

Var's transformation towards becoming an open platform organization started in the second half of 2023 and went through a process of gradual involvement of larger portions of the organization into new concepts and practices inspired by Haier's Zero Distance and related frameworks.

A **Setup Phase** got the initiative started. This involved ethnographic mapping of the business (the initial organizational state, current decision making and power allocation mechanisms); a framing workshop to help senior stakeholders agree on the crucial aspects of the project, including goals, list of participants, hypotheses to test, as-is insights, plan of activities and governance roles; and an onboarding session introducing the entire management team of around 100 to Haier's philosophy, its principles and main organizational constructs, addressing the first questions for its application within Var Group.


**Photo:** Zhang Ruimin begins his ZeroDX Journey.

A **Discover Phase**, leveraged the insights and learnings to engage senior stakeholders and selected influencers to map the arenas and the customer jobs-to-be done; provide a first depiction of the multiple offerings of Var's business units; and define the expected target state, boundaries, catalysts and obstacles in moving towards adopting Zero Distance principles.

The **Define Phase** then picked the starting rules and areas. A scratch book with the insights emerging from the previous phases of the project was prepared to guide the experimentation on the ground. An initial set of pilots was drafted and evaluated to explore the core archetypes (the business units, the collaboration among business units, go-to-market dynamics, Shared Service Platforms, etc,) that would model and accompany Var's evolution. A set of interviews with potential sponsors was conducted to anticipate the business potential, complexity and applicability of each pilot to the broader organization.


Photo: Var Group CEO Francesca Moriani explains the company's journey in progress.

The final set of pilots was decided and each pilot designed with the board and its sponsors.

In the **Experiment Phase**, the project was actively learning and evolving through three pilots:

- Sales became a combination of EMCs and a Shared Service Platform (SSP) representing and managing an integrated and sustainable process of coordination for all sales and customer management activities with and across business units.
- 7 Circle, as the prototype for a micro-enterprise with distinct P&L and clear rules for internal collaboration and interaction with other suppliers inside and outside the company. It generated three micro-enterprises and a business platform.
- The Organization and Digital SSP, as the prototype for all Shared Service Platforms and the specific goal of offering organizational and digital support services aimed at optimizing and accelerating the results of customer facing units.

AN INITIAL SET OF PILOTS WAS DRAFTED AND EVALUATED TO EXPLORE THE CORE ARCHETYPES.

## Thinking Wide and Bold

More widely the organizational implications of adopting the new model have been considered—along with the concepts of holocracy. “We are implementing RenDanHeYi combined with elements of holocracy to build a company based on entrepreneurship and widespread leadership,” says the Var CEO Francesca Moriani. “Previously we were far away from the market because people were managing conflict within the company. Our customers and our people weren’t happy. The foundation must be that we have to enjoy our work.” In May 2025 Var published a constitution outlining the way it wants to work.

Of particular interest were:

**Micro-Enterprises:** with independent Profit & Loss responsibility, largely autonomous decisionmaking, the freedom to select their own service bundle, customers, pricing, team members, and, to some extent, suppliers micro-enterprises provided a good starting point for an organizational ecosystem aligned with Var’s history and entrepreneurial momentum.

**Value Adjustment Mechanisms (VAMs):** the mechanism to host recurring, strategic conversations between each business unit’s managing director (former entrepreneur) and industry platforms regarding investments, resources, targets, and value-sharing. Through VAMs, micro-enterprises formalize their right and responsibility to intercept emerging customer needs, interpret feedback, and develop new solutions. Industry platforms offer the template for bringing multiple microenterprises together, achieving agreement about enabling services with Var, distributing investments through VAM negotiations, periodically checking business progress, managing offering consolidation and lifecycles. Industry Platforms also served to consolidate P&L above the level of micro-enterprises. Var now has two types of Industry Platforms: market-facing ones called Business Platforms and employee facing ones, called Enabling Platforms.

“WE ARE IMPLEMENTING RENDANHEYI COMBINED WITH ELEMENTS OF HOLOCRACY TO BUILD A COMPANY BASED ON ENTREPRENEURSHIP AND WIDESPREAD LEADERSHIP.”


**Photo**: Alessandro Gencarelli and Eugenio Capasso of Var accept an award at the 2024 ZDX Awards.

Ecosystem Micro-Communities (EMCs) have been used to describe standard, low-effort, transparent ways for micro-enterprises to contractualize services and value exchange with other microenterprises or external firms. Cross-unit collaboration was already happening in an informal, case-bycase fashion without codified expectations and dynamics. EMCs built on this to clarify roles, responsibilities, and value-sharing mechanisms, stimulating a reflection regarding the importance of user scenarios and reinforcing the alignment of interest among otherwise competing teams.

The idea of **Shared Service Platforms** helped many internal teams to re-evaluate their contribution to Var's environment by better analyzing and formalizing how standard, enterprise-wide, enabling services should be configured, paid for, provided, and consumed to contain bureaucracy and reduce costs while, at the same time, maximizing customer-facing business units effectiveness and satisfaction. Shared Service Platforms undergo an annual budgeting process through VAMs to secure the necessary resources and be allowed to invest in their optimization or on the development of new services.

CROSS-UNIT COLLABORATION WAS ALREADY HAPPENING IN AN INFORMAL, CASE-BY-CASE FASHION WITHOUT CODIFIED EXPECTATIONS AND DYNAMICS.

Each unit expose a catalogue of services that can be contractualized by other units according to different procurement mechanisms. Shared Service Platforms offer standard services, whose cost and effectiveness is benchmarked and that all other units pay for and must use. In addition to this, both Shared Service Platforms and micro-enterprises propose pre-negotiated services (pricing and conditions transparently shared in advance) and ad-hoc services negotiated every time by the involved parties.

"There are two kinds of challenges," says Eugenio Capasso, Var's head of organization and digitization. "The first is culture. The culture of people and entrepreneurship requires training to develop. Also, there is the question of legislation. Profit sharing is difficult to do for Italian companies so we need to develop new kinds of contracts for people. We are working on a solution."

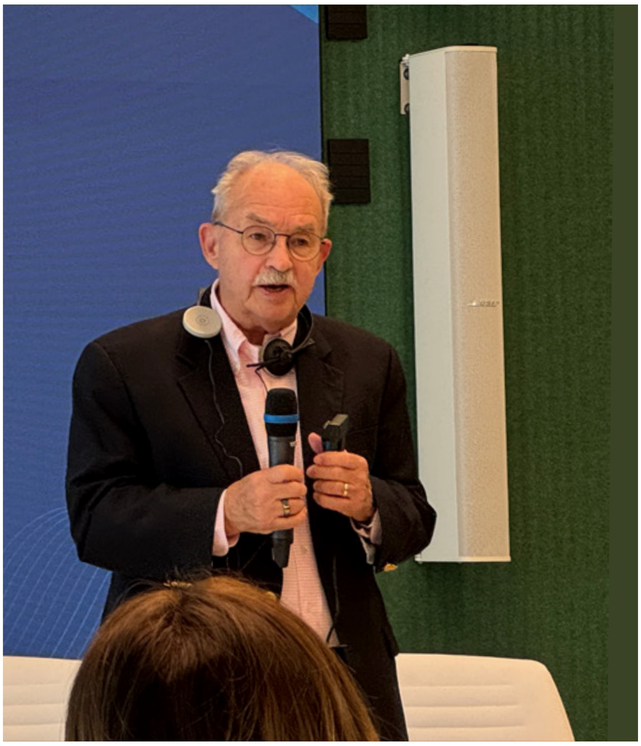

**Photo:** Bill Fischer of IMD joins the conversation at Var.

Var CEO Francesca Moriani notes the challenge of leaders learning to surrender power to others: “You lose power because it is moving into the hands of your people. It is not easy because you need to be brave and show courage. On the other side, it is also very difficult for people to understand that they can now make decisions.” She emphasises the need for each organization to transform itself in relation to its own unique context. “There is no plug and play solution, you have to develop your own model. Ours is based on trust, autonomy, widespread leadership and ours is an open platform organization.”

After starting the process of transformation in 2023, by mid-2025 Var had established 700 microenterprises in the business involving 45 percent of the company’s people. It has also launched its own orchestrating solution for the circles, known as Symphony.

Says Emanuele Quintarelli of Chaordian: “Francesca Moriani, Var Group’s CEO, is the proof that a new kind of leadership is required to grow and prosper in an increasingly uncertain and competitive technological market. Far from heroically controlling her colleagues, through the RenDanHeYi, her guidance has been about empowering, holding the space, inspiring, and guiding widespread contribution of hundreds of new entrepreneurs, not only in market-facing units but also in internal functions. Var Group’s size, speed, and determination make it one of the most incredible and inspiring organizational transformations in the world.”


**Photo:** Talking about a revolution: Emanuele Quintarelli, Eugenio Capasso and Alessandro Gencarelli.

“THERE IS NO PLUG AND PLAY SOLUTION, YOU HAVE TO DEVELOP YOUR OWN MODEL. OURS IS BASED ON TRUST, AUTONOMY, WIDESPREAD LEADERSHIP AND OURS IS AN OPEN PLATFORM ORGANIZATION.”

# Six:

# The ZeroDX Community

Though the roots of Zero Distance can be traced back to Zhang Ruimin's vision and the RenDanHeYi model, there isn't a singular method for achieving Zero Distance; instead, the approach should be tailored to the unique needs and context of the enterprise. In this regard, the Zero Distance Community recognizes and highlights the courage and commitment of enterprises that have embraced transformation to move towards Zero Distance, irrespective of their approaches.

As the practice of the elements involved in RDHY spreads, the Business Ecosystem Alliance (BEA) is partnering with the Management Lab (MLab) and the Haier Model Institute (HMI), in developing a community from throughout the world which demonstrate excellent practice in the field of Zero Distance.

The community celebrates the organizations leading the way in putting the concept to work, but also will act as an introductory resource and inspiration for all organizations and leaders interested in learning more and applying the concept of Zero Distance.

If you would like to join the community please make contact.

**Stuart Crainer,** Business Ecosystem Alliance: stuart.crainer@thinkers50.com


**Photo:** Winners of the ZeroDX Awards in 2024, presented in Qingdao, China.

The ZeroDX Journey:
# FROM IDEA TO PRACTICE TO COMMUNITY

**Business Ecosystem Alliance**
**Haier Model Institute**
19 September 2025

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