



2004

## A Classic Book—Revisited

Peter A. Maresco

*Sacred Heart University*, [marescop@sacredheart.edu](mailto:marescop@sacredheart.edu)

Follow this and additional works at: <http://digitalcommons.sacredheart.edu/neje>



Part of the [Entrepreneurial and Small Business Operations Commons](#)

### Recommended Citation

Maresco, Peter A. (2004) "A Classic Book—Revisited," *New England Journal of Entrepreneurship*: Vol. 7 : No. 1 , Article 9.

Available at: <http://digitalcommons.sacredheart.edu/neje/vol7/iss1/9>

This Book Review is brought to you for free and open access by the Jack Welch College of Business at DigitalCommons@SHU. It has been accepted for inclusion in New England Journal of Entrepreneurship by an authorized editor of DigitalCommons@SHU. For more information, please contact [ferribyp@sacredheart.edu](mailto:ferribyp@sacredheart.edu).

## Book Review

### A Classic Book—Revisited

Peter Maresco

---

Ricardo Semler, *Maverick: The Success Story Behind the World's Most Unusual Workplace*, New York: Warner Books, 1993.

**M***averick: The Success Story Behind the World's Most Unusual Workplace* by Ricardo Semler (which has sold 1.1 million copies worldwide) “is not a business book. It is a book about work, and how it can be changed for the better” (Library Journal). Although published in 1993, the book provides readers with an insightful journey into the entrepreneurial experiences of a managerial maverick. A graduate of Harvard Business School, today Semler is known around the world for championing his employee-friendly management style. First published in Brazil in 1988 as *Turning The Tables*, *Maverick* has become the all-time best-selling nonfiction book in Brazil's history.

Whether you are an entrepreneur seeking to create a company that “thinks outside the box,” or happen to be looking for a way to reinvigorate a stagnant, slow-moving, bureaucratic organization, this book should be required reading—regardless of when it was originally published. Semler's new book, *The Seven-Day Weekend*, recently released in Europe, is scheduled to be published by Portfolio and will be available in April 2004 (ISBN 0712677909).

Every entrepreneur needs to realize that change is possible. You only have to want it to happen bad enough to make change take place. You also need to realize that everything you thought could never happen in your company has already happened. Where? At Semco S.A., the South American manufacturing company Ricardo Semler inherited from his father, Antonio Semler. It was refreshing to read a book about a CEO (a term which is never used at Semco where workers and bosses are typically referred to as associates and coordinators) who, in the mid-1980s, took it upon himself to radically change the culture of his traditionally grounded industrial equipment company.

Semco S.A. was founded by Antonio Semler in 1912. Today it manufactures pumps used to empty oil tankers, high volume industrial dishwashers, cooling units for air conditioners, and various types of industrial mixers for the food industry. On the surface Semco S.A. is not the type of company that would appear to be on the verge of redefining the corporate management paradigm. It is, however, precisely because of the types of businesses that Semco S.A. is involved in that makes this book so profoundly interesting.

“According to his reasoning, medieval cathedral builders produced magnificent works of art virtually without supervision. Why couldn't the men and women of his workforce—adults who made complex and far-reaching decisions in their daily lives—be trusted to choose the colors of their uniforms and decide when to start their workdays? Come to think of it, why couldn't they organize their pay scales and approve their bosses? Why couldn't they decide what new ventures Semco could invest in and veto plans proposed by the CEO? No reason at all” (Shinn 2004).

What steps did Semler take to reinvent the culture at his father's companies? Workers set their own production quotas and can come to work anytime between 7 AM and 9 AM. Employees decide among themselves the best time to come to work. Employees redesign the products they make, their work environments, and even formulate their own marketing plans. Bosses run their units with unheard of freedom and determine business strategies without interference from “top management.” Each division is allowed to set its own salary structure. All financial information is discussed openly and freely. If employees need assistance in making sense of the financials, classes are held to assist workers in understanding the real meaning of the “numbers.” There are reception desks with no receptionists. There are no secretaries or personal assistants. There are no executive dining rooms and no personalized parking spaces. It does not matter what employees wear to work. Office workers and managers are allowed to dress as they please. Employees required to wear uniforms are able to select the style and color of their uniforms.

At Semco a major paradigm shift has taken place where managers and workers make decisions, not just the chairperson. One of the first undertakings Ricardo Semler took upon himself after taking over from his father was to throw out all the rules. He reduced the layers of management from 12 to 3 and reduced the “corporate” staff by more than 75 percent. At Semco, each new employee receives a copy of *The Survival Manual*, a 20-page booklet with plenty of cartoons, few words, and one central message: Use your common sense.

At Semco the standard policy is to have no policy. For those who travel, there are no travel restrictions other than using your head. There are no departments, no rules, and no audits. The entire budget system has been simplified. Semler stripped away the blind authoritarianism that diminishes productivity. Workers are self-governing and self-managing. In fact, workers have, in most cases, mastered several jobs.

Before people are hired or promoted to leadership positions they are first interviewed by everyone who will be working for them. Every six months managers are evaluated and the results posted for everyone to see. Employees actively participate in making major decisions and share in 22 percent of the profits. Participative management in every sense of the word is the norm. The desire to work at Semco is so strong that it is not unusual to have a backlog of more than 2,000 applications at any given time.

You are probably thinking, “That’s fine for some South American company but that could never happen here in the States, especially in my company.” The point, however, is that it could happen if you wanted it to happen. There is an old joke that goes something like this: How many psychologists does it take to change a lightbulb? Only one, but the lightbulb has to want to change.

What makes this story especially intriguing is that it didn’t happen in Seattle, Washington, or Silicon Valley, California, but in Brazil—despite its recessions, high rates of inflation, and a generally chaotic national economic environment. There were even union problems to overcome but the key here is that they were all worked out. Prof. Nicholson, head of the London Business School recently wrote in the *Harvard Business Review* that “Semler’s model was the only one to really respect the stone age nature of human behavior (the many insights from evolutionary psychology that tells us that we’re far more often feeling our way through decisions than thinking our way through).”

Put *Maverick’s* operating philosophy together with Tom Peter’s reinventing work ideas (most particularly in his *The Circle of Innovation*). Then, add in some Greenleaf ser-

vant leadership and combine with some shared vision (a la Chapter 11 of *Senge’s Fifth Discipline*). You then have an excellent recipe for best practice 21st-century entrepreneurial management (Murphy 2002).

“Today, Semler spends much of his time away from the corporate offices, giving lectures or merely traveling with his family. His new book, *The Seven-Day Weekend*, stresses the value of free time away from the office and time for creative thinking in the office. Such priorities, he notes, have raised Semco’s revenues from \$35 million to \$160 million in the last 6 years” (BizEd 2004).

Read this book with an open mind. Don’t make excuses for why change can’t occur in your company. Remember, if you really want to change things, you can.

An added benefit from reading this book is its appendix, Ricardo’s A,B,C’s, which is broken into four sections:

- **Section A—The Semco Cure for Time Sickness:** A brief overview of time management the Semco way.

- **Section B—The Semco Survival Manual:** Excerpts from the small 22-page cartoon “rulebook” given to each Semco employee. It contains a series of cartoons illustrating various aspects of the Semco philosophy on everything from unions to hiring to evaluations to job security.

- **Section C—Seen from Below: How Semco Employees Evaluate Their Employees:** The questionnaire used by Semco employees to evaluate their supervisors.

- **Section D —A Semco Lexicon:**

#### **The Semco Survival Manual**

The following sections provide the contents of the booklet given to each Semco employee upon hiring. It constitutes the company’s only set of rules.

#### **Organization Chart**

Semco doesn’t use a formal organization chart. When it is absolutely necessary to sketch the structure of the company, it always does so in pencil and dispenses with it as soon as possible.

#### **Hiring**

When people are hired or promoted, others in that unit have the opportunity to interview and evaluate the candidates before any decision is made.

#### **Working Hours**

Semco has flexible working hours and the responsibility

for setting and keeping track of them rests with each employee. People work at different speeds and differ in their performance depending on the time of day. Semco does its best to adapt to each person's desires and needs.

### *Working Environment*

We want all our people to feel free to change and adapt their working areas as they please. Painting walls or machines, adding plants or decorating the space around you is up to you. The company has no rules about this and doesn't want to have any. Change the area around you according to your tastes and desires and those of the people who work with you.

### *Unions*

Unions are an important form of worker protection. At Semco, workers are free to unionize and the persecution of those connected with unions is absolutely forbidden. Unions and the company don't always agree, or even get along, but we insist that there is always respect and dialogue.

### *Strikes*

Strikes are considered normal. They are part and parcel of democracy. No one is persecuted for participating in strikes as long as they represent what the people of the company think and feel. The workers' assemblies are sovereign in this respect.

### *Participation*

Our philosophy is built on participation and involvement. Don't settle down. Give opinions, seek opportunities and advancement, always say what you think. Don't just become one more person in the company. Your opinion is always interesting, even if no one asked you for it. Get in touch with the factory committee and participate in elections. Make your voice count.

### *Evaluation by Subordinates*

Twice a year you will receive a questionnaire to fill out that enables you to say what you think of your boss. Be frank and honest, and not just on the form, but also in the discussion that follows.

### *Factory Committees*

Employees at Semco are guaranteed representation through the Factory committee of each business unit. Read the charter, participate, make sure your committee effectively defends your interests—which at times will not coincide with Semco's interests. We see this conflict as healthy and necessary.

### *Authority*

Many positions at Semco carry with them hierarchical authority. But efforts to pressure subordinates or cause them to work out of fear or insecurity, or that show any type of disrespect, are considered unacceptable use of authority and will not be tolerated.

### *Job Security*

Anyone who has been with us for three years, or has reached the age of fifty, has special protection and can only be dismissed after a long series of approvals. This does not mean that Semco has no layoff policy but it helps to increase the security of our people.

### *Change*

Semco is a place where there are big changes from time to time. Don't worry about them. We consider them healthy and positive. Watch the changes without fear. They are characteristic of our company and its culture.

### *Clothing and Appearance*

Neither has any importance at Semco. A person's appearance is not a factor in hiring or promotion. Everyone knows what he or she likes or needs to wear. Feel at ease—wear only your common sense.

### *Private Life*

Semco has no business interfering with what people do when they are away from work as long as it does not interfere with work. Of course, our human relations department is at your service for any help or support you may need.

### *Company Loans*

The company loans money to its people in unforeseen situations. Thus, loans to cover the purchase of homes, cars, or other predictable expenses are not included. But the company wants you to know that the day you run into difficult, and unexpected, financial problems that it will be here for you.

### *Pride*

It's only worth working in a place in which you can be proud. Create pride by ensuring the quality of everything you do. Don't let a product leave the company if it's not up to the highest standards. Don't write a letter or memo that is not absolutely honest. Don't let the level of dignity drop.

### *Communication*

Semco and its people must strive to communicate with

frankness and honesty. You must be able to believe fully in what is said to you by your coworkers. Demand this transparency when you are in doubt.

### *Informality*

Promoting a birthday party at the end of the workday, barging into a meeting where you are not invited, or using nicknames are all part of our culture. Don't be shy or stick to formalities.

### *Suggestions*

Semco does not believe in giving prizes for suggestions. We want everyone to speak out, and all opinions are welcome, but we don't think that it is healthy to reward them with prizes of money.

## References

BizEd (2004). The Maverick CEO. St. Louis, MO. AACSB: The Association to Advance Collegiate Schools of Business.

McCullough, M. 1993. Reed Business Information, Inc., Ohio Northern University.

Murphy, J. 2002. Must reading on the democratic workplace environment. [www.amazon.com/exec/obidos/tg/detail](http://www.amazon.com/exec/obidos/tg/detail).

Shinn, S. 2004. The Maverick CEO. Ricardo Semler is looking for a few good artisans—self directed, highly motivated employees who will work together creatively and harmoniously to create great products in his industrial factories. And he's willing to completely restructure his company to find them. St. Louis: The Association to Advance Collegiate Schools of Business. III (2), 16–21.

**Author's Note:** For additional information on Semco or Ricardo Semler's philosophy, contact Ricardo Semler at:

Rua Dom Aguirre 438

Jardim Marajoara

Sao Paulo—SP

04671, Brazil

### *Semco Women*

Women in Brazil have fewer employment, promotion, and financial opportunities than men. At Semco, women have various programs, run by women, that seek to reduce this discrimination. They are known as "Semco women."

If you are a woman, participate.

If you aren't don't feel threatened and don't fight against this effort.

### *Vacations*

Semco is not one of those companies that believes anyone is irreplaceable. Everyone should take their 30 days of vacation every year. It is vital for your health and the company's welfare. No excuse is good enough for accumulating vacation days for "later."



### **About the Author**

**PETER A. MARESCO** ([marescop@sacredheart.edu](mailto:marescop@sacredheart.edu)) is an assistant professor of management at Sacred Heart University. His primary areas of interest include marketing pedagogy, consumer behavior, and creative leadership. His recent work on marketing pedagogy was presented at the EDiNEB 11th International Conference at Maastricht University, Maastricht, The Netherlands.