

# Sociocracy in co-operative organisations

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## Introduction

Sociocracy, also known as dynamic governance, is a values-based governance system centered on the concept of equal voice (every member heard). Growing in popularity in the co-operative movement, its application is increasing due to a number of factors, including:

- The growth of distributed co-operative enterprises (particularly platform co-ops) whose members may not physically meet.
- The growth of co-operatives in the tech sector using methodologies such as Agile and Lean for software products which they then apply to their own management and governance.
- A need to consider a different way of making decisions in worker co-operatives that have grown in size and membership where more traditional governance structures are deemed to be less effective. For example Unicorn Grocery has 70 members, all of whom are directors of the co-op, and takes decisions collectively in all-member director meetings. A sociocratic governance structure supports devolved decision making within the co-op while retaining director status for all members.
- The desire to empower and include member stakeholders who may have been excluded from more formal governance setups.

This guidance provides best practice advice to enable UK co-operatives to understand what sociocracy is, how to implement it, and the benefits of its application.

Sociocratic governance doesn't have to be implemented wholesale – it provides tools and processes to improve participation in meetings and encourage engagement that are suitable for co-ops of all sizes and structures to experiment with.

**This guidance is accompanied by editable templates – look out for where you can access these throughout this resource.**

## Sociocracy

Sociocracy, as it is used today, was first developed in the Netherlands in the 1980s by Gerard Endenburg in his family's electronics company, Endenburg Elektrotechniek. Using a systems theory approach, Endenburg designed a governance system (The Sociocratic Circle Method) based on devolving Decision Making and accountability to interconnected working circles within an overall structure built on feedback loops.

Endenburg's approach to sociocratic self-governance drew heavily on his experiences attending a radical Quaker school, The Workshop. The school's founder, Kees Boeke, set out to create a self-

governing community in which children would contribute their ideas, play an active role in day -to-day operational tasks, and hold co-responsibility for the curriculum with their teachers. The school emphasised inclusiveness, mutual trust and working together to work out what's best for the group. Boeke drew on the earlier work of Auguste Comte in the 1850s, who first coined the term sociocracy.

Read more: ["Sociocracy – Democracy As It Might Be" by Kees Boeke](#).

Sociocracy is now used by organisations around the world. It has particularly appealed to co-operative organisations due to its synergy with the ICA Values and Principles.

To read more about the history of sociocracy see:

- [sociocracyforall.org/sociocracy](#)
- [sociocracy.info/sociocratic-democracy-faq](#)
- [sociocracy30.org/the-details/history](#)

Sociocracy seeks to provide a blueprint for a participatory, effective and efficient governance system that values the input of each member of the organisation as an essential participant in the whole. It can be used effectively in organisations of two or three members to a few hundred members.

Sociocracy is characterised by four key elements:

- [Consent Decision Making](#)
- [Circle working](#)
- [A double-linked structure](#)
- [Open elections](#)

This resource has been produced by Abbie Kempson, Unicorn Grocery, and Mark Simmonds, Co-op Culture, who are both part of the [Co-operative Governance Expert Reference Panel](#).

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## Consent Decision Making

Consent based Decision Making is often confused with Consensus Decision Making. There are similarities, but the key difference is that consent-based decision making seeks solutions which whilst they may not be perfect, they are "good enough for now and safe enough to try" – a liberating ethos which allows for small scale, iterative decisions to be made that lead to continuous improvement over time.

Effective decision-making happens when people have clarity over who is empowered to make which decision, what the process is for making and recording decisions, and how the outcomes of decisions are monitored.

SEE ALSO: [Governance operations and processes for co-operatives](#).



**"Good enough for now and safe enough to try" – a liberating ethos which allows for small scale, iterative decisions to be made that lead to continuous improvement over time.**

– Consent based Decision Making

In sociocracy, working groups (known as Circles) actively manage a given area of their organisation and make decisions using the Consent decision-making process. In this way decisions are taken by the people who are most impacted by them i.e. those who will be responsible for implementing and carrying out their work in accordance with the decisions taken.

Circles are empowered to make decisions within clearly-defined Domains setting out the limits to their decision-making authority. Each Circle has an aim or aims to guide its work and decision making.

A Consent decision is reached when Circle members have no objection to the proposal under discussion. Each decision is assigned a review date at which point its outcomes are evaluated. Decisions are recorded to ensure transparency and accountability.

### Template

We have developed a consent decision making template.

Add a link to the consent decision making template

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## Circle working

Sociocratic systems delegate authority and distribute power to semi-autonomous working Circles to manage specific functions of the organisation, with ideally four to seven members. Circle members are selected for their expertise in any given area of an organisation and are trusted to make the best decisions in the interests of the whole.

When implementing Circle working, all members can be actively involved in selecting members to populate each of the Circles using the open elections process.

Once established, Circles will advertise vacancies using whichever method is adopted in their organisation, and candidates for Circle membership are consented to by the current Circle members.

The governance structure uses double-linking to connect Circles and gather feedback, preventing them from operating as silos.

Many organisations using sociocracy introduce Rounds (speaking one-by-one in turn) within their Circle meetings to empower every member to actively participate.

Rounds are treated as an invitation. While people do not have to speak if they have nothing new to add on any given topic, experience shows that active participation increases by using Rounds.

Rounds are designed to bring structure and clarity to meetings and save time. They include:

- Opening Rounds at the start of a meeting to provide an opportunity for everyone to share how they are
- Clarification questions Rounds to ensure everyone understands the topic under discussion
- Reaction Rounds to invite feedback and idea-sharing; Consent Rounds for making decisions
- Closing Rounds for brief feedback on the meeting.

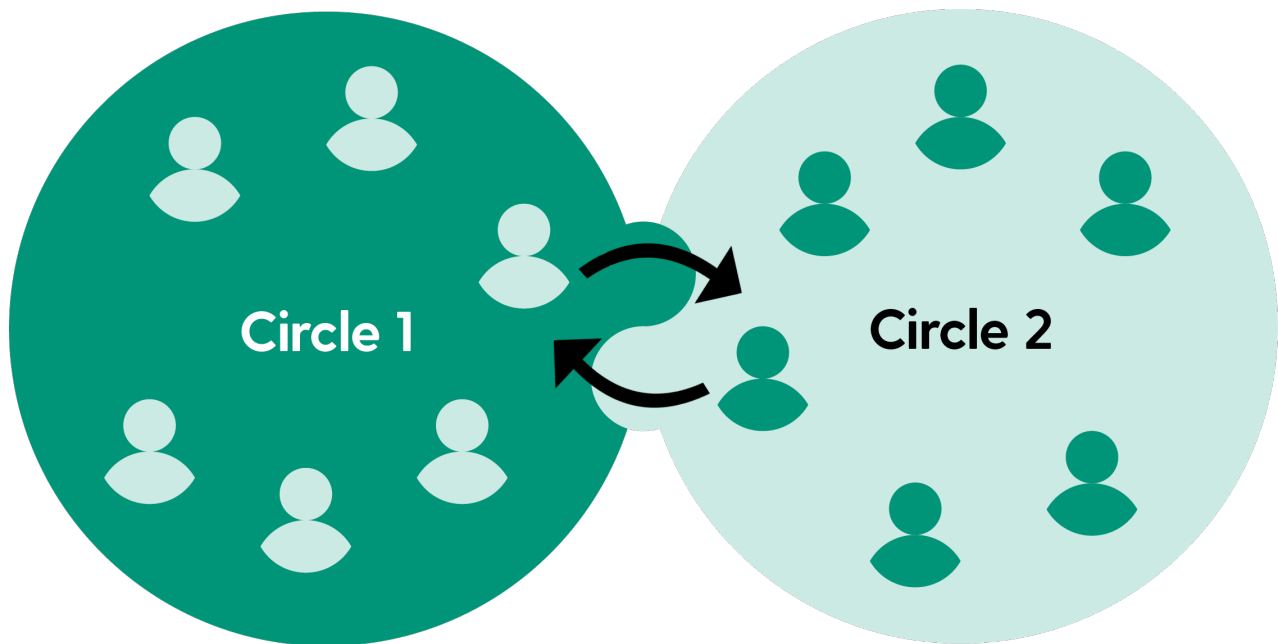
This method of communication lends itself particularly well to supporting co-operative values.

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## A double-linked structure

The governance structure uses double-linking to connect Circles and gather feedback, preventing them from operating as silos. What this means is that every Circle within a sociocratic structure is linked to another Circle through two of its members. Each Circle elects a leader and a delegate.

These two role holders attend the meetings of their home Circle and their linked Circle – the leader is tasked with bringing information from the linked Circle into their home Circle, including updates on any decisions taken and requests for feedback to support future decision making, and the delegate is tasked with reporting from their home Circle to the linked Circle.



Double linked circles – based on a diagram by Sociocracy for All, [sociocracyforall.org](http://sociocracyforall.org)

Leaders and delegates have Consent rights in both Circles, which means they are empowered to make decisions in both Circles and are expected to actively contribute to the work of both. The aim is to create a form of circular hierarchy within which decisions are made transparently and with feedback from others in the organisation. All Circle members undertake the responsibility to listen to feedback and act in the best interests of the organisation, while holding the right to make decisions within their Circles (Consent rights).



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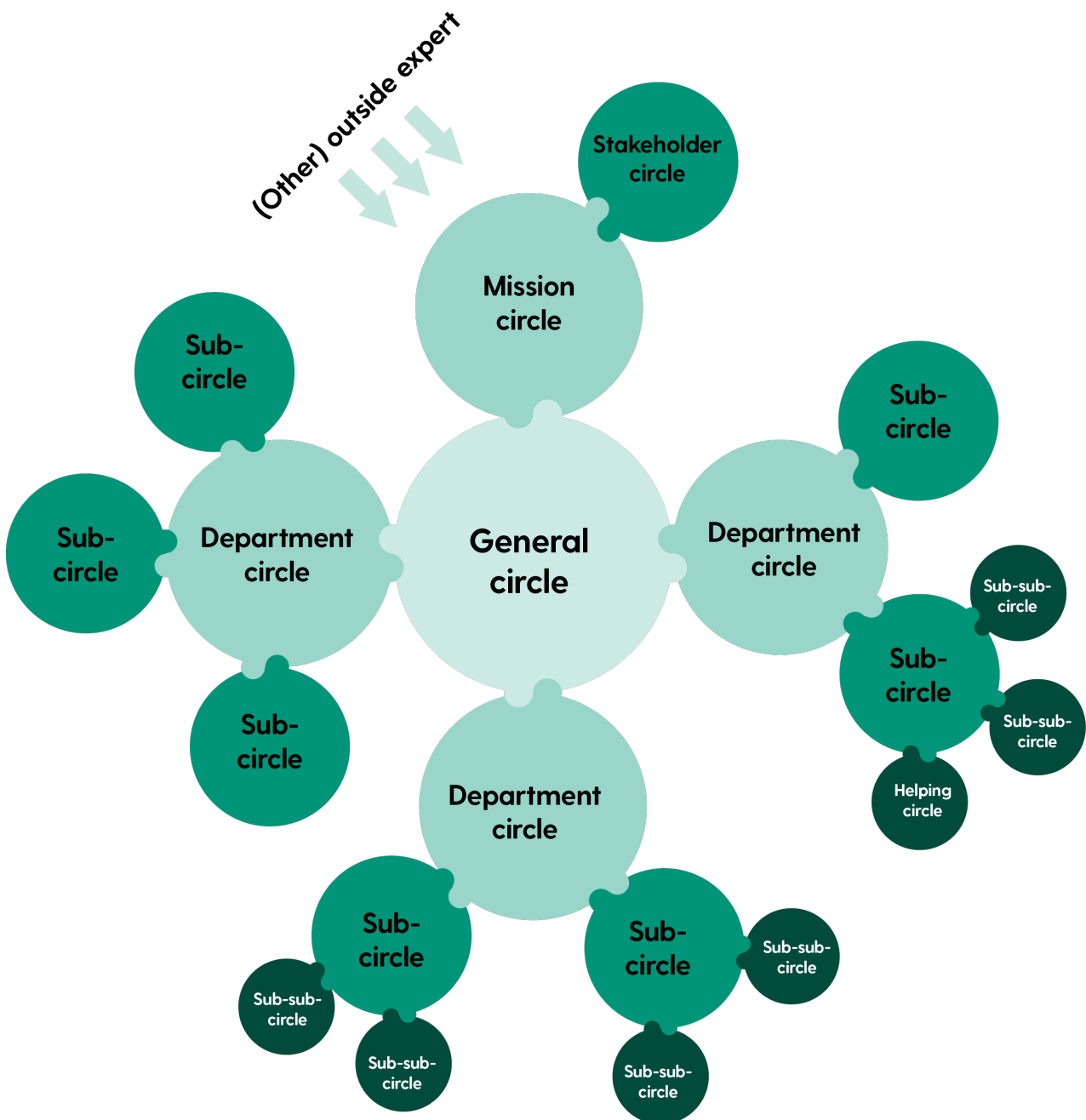
**The aim is to create a form of circular hierarchy within which decisions are made transparently and with feedback from others in the organisation.**

– A double-linked structure – based on a diagram by Sociocracy for All, [sociocracyforall.org](http://sociocracyforall.org)

Circle structures include a Board of Directors, usually named the top or Mission Circle. In most sociocratic co-ops the Mission Circle is made-up of elected co-op members (using the sociocratic

elections process). In some organisations the Mission Circle can also include external people, who are invited to join the Board to contribute particular expertise to the organisation. A General Circle holds the executive function and coordinates operations and processes based on the agreed strategic direction of the organisation. In small co-ops the General and Mission Circle functions can be combined. The General Circle acts as a central point for coordinating the work of double-linked department Circles. Specific business functions (or projects) are looked after by Circles clustered by department.

The system is based on Consent Decision Making, requiring all Circle members to be in consent (i.e. have no objections) for any given decision. This means that proposals cannot be passed with a majority decision, with the minority voting against, which is particularly important at Mission Circle level if external people are elected to the Board. The double-linked structure creates a safeguard to prevent any one Circle from acting outside of its remit or moving away from the agreed strategic framework.



Consent decision making for double linked circles

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## Open elections

The fourth component of sociocracy is open elections – a system known as the Selection Process in which role holders are chosen through open discussion and Consent rather than by secret ballot.

The election process enables Circle members to discuss the skills and attributes required for any given position and determine which of their members best fits the role. This is an open and transparent method aimed at promoting power sharing.

### Template

We have developed an open elections template.

Add a link to the consent decision making template



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## Sociocratic Governance Variations

Rather than being a rigid governance framework, sociocracy is an evolving community of practice and there are numerous schools of thought within it:

- The classic Sociocratic Circle Method, based on the four key elements described above.
- A patterns-based approach promoted by Sociocracy 3.0 offers tools and methods to support self-governance (see:[S3.0 patterns](#)).
- A network governance approach using Consent Decision Making (see for example [Circle Forward](#)).
- Finally there are many customised versions that have been adapted to best fit the needs of individual organisations who have adopted sociocracy.



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## Co-operatives using Sociocracy

Many co-operatives in the UK have implemented, or are in the process of implementing, sociocracy. Four examples are shown below.

### Equal Care Co-operative

Equal Care is a multi-stakeholder platform co-op in the social care sector. Established in 2018, Equal Care was founded to put power back into the hands of those who give and receive care and support. The co-op designed its governance structure based on all four pillars of sociocracy: Circle working, a double-linked Circle structure, open elections and Consent Decision Making. Equal Care was influenced by the Netherlands Buurtzorg model of self-management, which has its roots in sociocratic processes.

More info: <https://www.equalcare.coop/> and <https://www.uk.coop/case-studies/equal-care-co-op-social-care-platform-unfound>

### Outlandish

Outlandish is a fourteen-member worker co-op in the tech sector, and co-founder member of CoTech - the network of UK technology co-operatives. Outlandish adopted Consent Decision Making seven years ago and introduced Circle working a couple of years later. Its members are enthusiastic advocates of sociocracy for its ability to bring clarity, efficiency and a high level of ownership to decision making and co-operative working. More info available here ([Sociocracy for All – Outlandish case study](#))

### Unicorn Grocery

Unicorn Grocery is a 70-member worker co-operative in Manchester practising collective governance (i.e. all members hold director status and take Board-level decisions collectively). The co-op began implementing sociocracy in 2018 to accommodate a growing membership. Unicorn has adopted three of the four elements of sociocracy - Circle working, Consent Decision Making and open elections. Instead of a double-linked Circle structure the co-op has chosen to adopt a form of networked sociocracy, using single links and retaining all-member meetings in lieu of a Mission Circle. General Meetings remain the sovereign body of the co-op. More info available here ([Sociocracy For All -Unicorn Grocery case study](#))

### VME

VME Retail Systems converted into a worker cooperative as an Employee Ownership Trust, making it the largest such conversion in the software industry. VME has 36 employees located in three countries and has successfully integrated sociocracy. More info: <https://vme.coop/>

### Other examples

Many other co-ops have implemented, or are in the process of implementing, one or more elements of sociocracy into their governance systems, including community-owned pubs,

platform, multi-stakeholder and worker co-ops. At the time of writing, July 2021, they include:

- Bristol Cable – community-led media co-op
- Chorlton Bike Deliveries – multi-stakeholder co-op
- Ethical Consumer – multi-stakeholder co-op
- Fox and Goose – community-owned co-operative pub
- InFact Digital Co-op – worker co-op
- Infinity Wholefoods – worker co-op
- Platform 6 – platform co-op
- Third Sector Accountancy – worker co-op

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# Benefits of Sociocracy

Co-ops that have adopted sociocracy report a number of benefits, including:

1. Better, more efficient meetings
2. Increased member engagement
3. Balancing the dichotomy between strategic and executive functions

## 1. Better, more efficient meetings

Sociocracy offers a blueprint for efficient meetings in which everyone's voice is heard. The Sociocracy blueprint coordinates various good governance ideas that might otherwise only be implemented on an ad hoc or discretionary basis in another decision-making structure.

Meeting agendas are structured to ensure clarity of outcome for each item by indicating whether it is being brought to the meeting for the purpose of a report, for discussion or for decision. This is a very effective system to keep meetings focused and ensure everyone understands exactly why each item has come to the meeting and what the process is for addressing it.

Report items are followed by a round of clarification questions to ensure everyone understands what's been communicated. Discussion items include clarification questions and Rounds to share feedback and ideas. Decision items use the Consent Decision Making process.

Knowing exactly what the process is for any given agenda item can save a lot of time and prevent unnecessary repetition of the same issue coming back to a meeting again and again without resolution. Sociocratic meetings also include the use of a Backlog, a record of topics that arise that need attention from the Circle in a future meeting.

By using Rounds and intentional agendas that state the desired outcome for all items included, meetings allow all members present to play an active role, within a framework that supports focused contributions and efficient use of collective time.

A typical sociocratic meeting will include an Opening Round, which can be structured around a specific prompt (for example sharing a work highlight from the previous week). Opening Rounds are included in meetings to boost connection between members and to share relevant information about anything impacting on a member's ability to participate in a meeting.

A closing round provides the opportunity to offer feedback on the meeting.

### Meeting template

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## Increased member engagement

Member engagement is at the heart of the co-operative model. To embody the definition of a co-operative, a jointly-owned and democratically-controlled enterprise, co-op members must be able to meaningfully participate in setting policies and making decisions. Sociocracy is designed to maximise engagement.

Feedback loops in sociocratic systems keep their members' needs at the forefront of their activities and operations.

In worker co-ops, Circle membership ensures active participation in governance by directly empowering workers to make operational decisions to guide their work. Consent Decision Making boosts ownership of decisions taken and supports effective implementation.

For members of multi-stakeholder co-ops, Circle membership provides a forum to have an active say in any given area of the co-op's operations by helping to shape policies.

## Balancing Strategic and Executive Functions

Sociocratic governance provides an alternative co-operative governance model that seeks to collectivise strategic and executive functions, while retaining a clear sense of both. Members are empowered through their Circles to feed into strategic and management decisions at the level most appropriate to their knowledge and experience.

Each Circle's decision making is framed by the overall strategic direction stewarded by the top / Mission Circle, and the feedback loops within the structure in turn ensure the overall strategic direction is informed by the strategic thinking of its component Circles.

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# Drawbacks of Sociocracy

## Time and Commitment

Sociocracy is not a quick-fix solution. It requires a commitment to learning and developing co-operative communication skills to ensure all members are supported and equipped to work together and make decisions in an open, highly participatory governance structure.

Recruiting members into a co-op operating sociocratically requires an explicit commitment to embrace this style of working and an induction process that provides sufficient training and support to enable probationary members to learn and engage with the structure.

Designing a Circle structure generally requires the support of an external consultant with expertise in sociocracy, or investment in advanced training for a member to lead the process. It may also require advice on integrating sociocratic governance within the co-op's rules to ensure it fits with company/society law and the necessary steps are taken to officially delegate authority beyond the Board.

It takes time and commitment to train and support members to adopt Consent Decision Making and Circle working, and there can be an initial perception that it seems less effective while new processes are learned and embedded.

In some contexts this may include unlearning practices from more hierarchical governance structures, which can be equally challenging for those used to being managed as for those used to exercising a high degree of autonomous decision-making power in their management roles and responsibilities.

For smaller, more horizontal co-ops it can be a challenge to devolve decision-making from the collective.

## Co-operative rules

Traditional co-operative governing documents are not a perfect fit with sociocracy, but co-operative organisations are able to adopt sociocratic governance and remain in compliance with UK law.

The default position of both Society Rules and Company Articles is that all decision-making power vests in the Board of Directors. To create a governance structure that differs from this model, co-operative organisations will need to either agree to a delegated decision-making framework (which must be accepted by the Board) or write it into their Rules or Articles, ensuring it works within the existing governance guidance.

There are not yet any formal model governing documents for a sociocratic Circle structure, although many co-operative organisations are designing and innovating in this area.

## Strategic focus

While sociocracy supports a healthy-power-sharing system that allows strategic and executive decision making at many levels, there is a danger of drifting into bad practice if power is

distributed too diffusely. The system must be designed to ensure the legal duties of Directors are fulfilled, and the co-operative remains on course to meet its Vision and Mission. Read more [how good co-op governance underpins a co-operative's purpose](#).

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## Divergence from traditional co-operative governance

Whilst there is a coherence between sociocratic and co-operative governance, the underlying law relating to the various different legal forms used by UK co-operatives has evolved around more traditional hierarchical governance models and not just from a co-operative perspective.

We are in the early stages of trying to fit sociocratic co-ops within these legal forms and potentially resolve the issues that may be barriers to that. We explore some of these issues below.

### Board of Directors

Most legal forms used by UK co-operatives must include the role of a Board of Directors which (unless using collective governance, where all members are Directors) are democratically elected by and from the co-op's membership.

In a sociocratic co-op the Board is often known as the Mission Circle, with a function the same as that of a traditional Board and the same duties in law for the members of that Circle – the Directors.

However there is a clunkiness in that a pure sociocratic election process would give complete autonomy to the Mission Circle in the choice of its membership whereas in a Society or a co-operative Company the Mission Circle/Board has to be elected or appointed by the members.

Two possible ways to “Circle the square” are as follows:

1. The election of the members of the Mission Circle is simply treated differently to the Selection Process used in other Circles.
2. The Mission Circle uses the sociocratic Selection Process described above, which is then subject to a ratification vote at the co-ops General Meeting. This is not such a leap in the dark as many co-operatives already have fairly complex systems (including ratification) around board elections.

The exceptions to the above, where the clunkiness disappears are:

1. In an unincorporated co-operative, the members would be free to create the internal structures and accountability of their choice. This would be defined in their constitution of partnership agreement,
2. In a co-operative constituted as a Limited Liability Partnership (LLP) there is no requirement for a separate Board and again the co-operative has fewer constraints on its internal organisation. This would again be defined in their LLP agreement.

### The General Meeting

In many sociocratic organisations, they have simply dispensed with the General Meeting, its role being distributed through the whole structure. However in a UK sociocratic co-operative that is neither possible, nor desirable.

There are decisions which various statutes define as being solely the responsibility of the membership (normally in General Meeting). For example:

1. The decision to appoint auditors, dissolve the organisation or amend its Rules or Articles cannot be delegated
2. Many decisions have statutorily defined voting majorities and whilst there can be a process designed to achieve Consent, those majority positions remain the default.

In practice, all the above again requires the creation of exceptions to purely sociocratic working in Company and Society models.

You will see the General Meeting included in Circle diagrams as either a Home Circle to the Mission Circle (which it elects) or sometimes as an all encompassing meta-Circle that the rest of the Circle structure sits inside.

Again unincorporated and LLP co-ops will have more flexibility to create purely sociocratic structures.

## Delegating authority

The distribution and delegation of power through linked Circles is not that dissimilar to the delegation that already occurs even within the most hierarchical of co-operatives:

- The Members delegate some of their powers to the Directors
- The Board of Directors further delegates some of its powers to a Chief Executive and/or sub-committees of the Board.

However the delegation is slightly different in a sociocratic organisation in that a Circle is deemed to be semi-autonomous when operating within its Domain (its terms of reference) whereas in most traditional co-operative structures the ultimate power is reserved to those who delegated the powers in the first instance.

For instance the lack of a formal veto power for a “higher” Circle might be deemed to run contrary to Co-operative Principle 2 – democratic member control. However, the fact that any decision in a Circle will be Consent based and include linked members of the higher Circle provides checks and balances equivalent to a more traditional governance arrangement.

Whilst the law will require formal processes around major decisions in a co-operative, these may well become simple ratification of decisions arrived at through a sociocratic process distributed throughout the organisation through the Circle structure with its checks and balances.

## Strategic and executive functions

As stated above, many co-ops will delegate some of their power to a Chief Executive Officer (CEO) – an employee of the co-op who is solely responsible for the delivery of the strategy of the co-op and sits atop of a hierarchical arrangement of staff. This model is prevalent in the consumer co-operative sector.

Implementation of sociocratic governance within such a co-operative would likely only be partial with the CEO role and department heads being employed to be the Leaders of their various Circles rather than selected from within those Circles. This is certainly a common arrangement in sociocratic organisations which aren't co-operatives.

However within worker co-operatives which commonly dispense with a CEO, you can envisage how such a system would easily blend the strategic Board role with the Executive operational



function.

You might consider a typical sociocratic governance arrangement as simply the replacement of the CEO with the General Circle, which is a collective CEO composed of the Leaders and Delegates of the various executive Circles within the organisation.

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## Fit with co-operative governance

Co-operative governance is as much about how we work together as what we do. Our shared co-operative Values and Principles are central in sociocratic governance – from the self-help and self-responsibility of organising collectively to actively contributing to solving problems and improving our lives, to the deeply democratic participative style of governance that supports equality (one member one voice), equity (fairness through meeting the needs of all who engage) and solidarity.

Sociocratic principles align perfectly with co-operative principles. Both emphasise the people within an organisation and the values that hold them together, and both seek to create governance systems that value democratic member control, and both prioritise ongoing opportunities for learning and development.

Sociocracy offers many tools and methods that support living our Values and Principles to the full, and it can work very well in partnership with traditional co-operative governance. Many co-operatives are experimenting with aspects of sociocracy without adopting everything or even making it obvious. For example it's becoming increasingly common for Opening Rounds to be used in co-operative meetings and workshops across the movement. Sociocracy provides a useful collection of tools to improve participation in meetings and encourage engagement that are suitable for co-ops of all sizes and structures to experiment with. For example, co-ops may choose to adopt consent decision making in their meetings, or use the sociocratic picture forming process to develop proposals with their members.

### Sociocracy templates

As part of this resource, we've created a number of templates.

[Download sociocracy templates](#)

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## Glossary

<b>Term</b>	<b>Definition</b>
Backlog	A record of topics that arise in meetings that need attention from the Circle. The Backlog is used to construct future agendas.
Consensus Decision Making	A process for finding solutions that everyone actively supports, or at least can live with.
Consent Decision Making	A process for agreeing proposals. Consent is reached when there are no remaining objections.
Collective Governance	All of the members are also directors of the organisation.
Circle	A working group / team of (ideally) four to seven people who manage defined functions of the organisation.
Domains	A list of areas any given Circle has decision-making authority over.
Double Linking	Two members of a Circle (its elected Leader and Delegate) attend the next linked Circle within the organisation's structure. These two members are full members of both Circles, supporting information flow and alignment of decisions.
General Meeting	A meeting open to the entire membership of the co-operative.
Mission Circle	The Board of Directors.
Opening Round	Opening Rounds are a check-in at the start of a meeting, an opportunity to boost connection between members and to share relevant information about anything impacting on a member's ability to participate in a meeting.
Policy	Decisions made within a circle are referred to as "policy decisions".

Rounds      Speaking one-by-one in turn until everyone has spoken once.

Selection    The sociocratic open elections process - selecting people into circles and roles using  
Process      a nominations process and Consent Decision Making instead of a secret ballot.

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## Editable templates to get you started

### Easy ways to integrate sociocratic tools

It can feel daunting to contemplate big changes to your governance system – the training and time input required is significant. The good news is that sociocracy doesn't have to be implemented wholesale to be useful to your co-operative. It provides a useful collection of tools to improve participation in meetings and encourage engagement that are suitable for co-ops of all sizes and structures to experiment with.

#### Rounds

Easy to introduce – no training or special jargon required. Suggest a go-round to hear everyone's thoughts on whichever topic is under discussion. Alternatively suggest a go-round to start a meeting off – perhaps an opportunity for participants to introduce themselves or use a prompt such as sharing a highlight from the past week.

#### Good enough for now, safe enough to try

Next time you're making a decision, try using the steps of the consent decision-making process. When it comes to saying yes or no, ask everyone to think whether the proposal is good enough for now and safe enough to try.

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<https://www.uk.coop/resources/sociocracy-co-operative-organisations>

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