

RenDanHeYi: Pioneering the Quantum Organisation

By
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The RenDanHeYi Italian style. From creativity to venture incubation at Gummy Industries



Can a complete RenDanHeYi transformation happen in a matter of months? Against all odds, Fabrizio Martire and Alessandro Mininno, co-CEOs of the Italian communication agency Gummy Industries, have shown us how organisational magic can be unleashed, with the transformation of a digital firm with 60 employees into an incubator of new ventures, with employees co-creating and leading them through flat and autonomous teams, sharing services to support scale and a unit already incorporated into a new entity. And all of this achieved in a funny, tongue-in-cheek, Italian style!

Freedom and responsibility for an entrepreneurial transformation

Gummy Industries is a medium-sized, ten-year-old digital communication agency based in Brescia, near Milano (Italy), offering web design, branding, advertising, and influencer marketing services to Italian and international enterprises. In addition to serving clients, the company puts a lot of emphasis on the importance of its employees' work-life balance, the quality of internal and external relationships, and opportunities for creative self-expression in the workplace. The gummy in the company's name and logo is meant to represent fun, curiosity, discovery, and the interest to connect and interact, typical of this smart, vibrant and dynamic agency.

Their decennial trajectory speaks not only of excellent financial results but also of a continuous attempt to nurture freedom, responsibility, and a stream of new ideas with value both for clients and colleagues. Testimony to their enlightened approach to working conditions is evidenced in an unlimited vacation policy, full-remote working, complete trust in colleagues even before the pandemics kicked in, and the belief that quality outcomes don't necessarily require long hours in the office. The exploration of new organisational models, such as the RenDanHeYi, is a natural consequence of the company's values and DNA, with COVID-19 and the doubling of the company size acting as accelerators.

Gummy Industries **initial growth and success came with several drawbacks preventing the firm from realising its full potential.** Among these were:

- 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 the flexibility and speed toward change
- The necessity to go through multiple approval levels, even for daily activities, in a reasonably small firm (Gummy Industries currently has 60 employees)
- The search for a continuous, collaborative, and distributed approach to reinvent the company's services at the pace of online behaviors and social platform development.
- Too much centralisation of decision-making power in the hands of the two founders

After ten years of existence and two years into the pandemics, the company had become aware of social, economic, and technological needs and market dynamics that it was no longer equipped to keep up with. While the transition towards more up-to-date ways of functioning could leverage **a small set of principles the company always aspired to:**

- Minimising 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
- An invitation to constant and honest feedback
- The belief that an excess of calm and stillness would threaten Gummy Industries' success.
- Eventually, aspiring to be a company that can thrive without a central role for its founders.

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Chefs, kitchens, and food markets

Looking for inspiration, Gummy Industries attended one of the Boundaryless masterclasses, which exposed the company to the entrepreneurial, ecosystemic, bureaucracy-free ideas of RenDanHeYi. With a little surprise on our side, in less than six months, that initial spark had turned into fire with a total upending of the agency's organisational model through the adoption of most of the constructs pioneered by Haier, even if dressed-up with a typically Italian flavour (pun intended).

Talking about an entrepreneurial and participative design, the two co-founders and CEOs wisely decided on transparency and to open up the transformation journey by inviting all of their colleagues to an off-site meeting near Turin and asking them to honestly share their hopes, fears, expectations, and initial hypotheses for a Gummy Industries 2.0. As you can tell, Italian passion and the love for food had a role in the eventual outcome:

- **Kitchens.** Individuals with business and people responsibility were invited to **become entrepreneurs**, with the possibility to pick a small multidisciplinary team named a kitchen and autonomously deciding its focus. Both easy to understand and appealing, a kitchen is a perfect example of a high-performing and cohesive team specialising in a particular discipline (e.g., Chinese food) with multiple levels of sophistication (Michelin star restaurants). Each kitchen manages its Profit & Loss and can choose both the professionals and skills it requires. The kitchen, comparable to Haier's Micro-Enterprises, has the mandate to constantly seek new opportunities and directly contribute to reinventing the company's services. In Gummy Industries, trust in individuals and the company's willingness to invest in their entrepreneurial development have been the main driver for the unbundling of the firm. Heading in such a new direction was anything but trivial



since no-one in the company had previous entrepreneurial experience and only a few had managed a team before. Nonetheless, service specialisation quickly emerged during the kitchens' formation. Some offered help with digital strategy, others focused on brand design, media planning, or content production. Each kitchen is largely unique in terms of its capabilities and dynamics. Industrial sectors (e.g., fashion vs. telcos) acted as secondary areas of specialisation for those kitchens that were initially too close in terms of service provision. Kitchen-to-kitchen competition is an irrelevant preoccupation given the broad spectrum of services the company covers.

- **Chefs and Brigades.** The six newly created units are led by six chefs, who orchestrate the work in them, as with RenDanHeYi's Micro-Enterprise owners. Colleagues offering their services by being part of a kitchen started to be known as a "brigade."





IMAGE COURTESY GUMMY INDUSTRIES

- **Infusing a structure into the team.** Unlike Haier, the kitchens have a recurring structure of roles filled by the chef and the brigade. Each kitchen is primarily flat, with the chef taking responsibility for the Profit & Loss and one or two project managers coordinating operations. The chef also acts, in a delivery role, as one of the brigade's members. Interestingly, everybody in the team has the possibility to interact with the client without needing the chef to act as a filter.
- **Priority to innovation, not money.** The new system has been optimised for creativity, ideas, experimentation, and learning more than profit maximisation. Kitchens have the right to make mistakes, even to lose clients or see projects fail, as long as this contributes to improvement, refinement, and long-term growth.
- **Profit sharing.** From the very beginning, kitchens may retain 20% of the profits they generate and independently decide whether to distribute it (to the sole chefs or among the entire brigade) or to use it for investments and other expenses. The other 80% pays for everybody's salary, including the Farmers Market services and the kitchens' investments.
- **Kitchen-to-kitchen collaboration.** Clients may require a combination of services offered by multiple kitchens. Teams can co-operate with other teams, and support can also be sought from external partners. This area of collaboration typical of Haier's Ecosystem Micro-Communities, which ultimately leads to a more sophisticated and value-adding experience for the market, doesn't, as yet, seem to be fully realised within Gummy Industries, although bonuses have been devised for those kitchens that work and succeed together, as a way of encouraging collaboration rather than competition.
- **The Farmers Market.** Not all the responsibilities have been transitioned and distributed to the kitchens. By design, customer-facing units require a set of internal support services such as Legal, Communication, Administration, and HR that should be consistent and able to generate economies of scale. To maintain coherence, kitchens also need strategic direction (Strategy), a common approach to reach the market (Branding and Marketing), support with closing deals (Business Development and Go-to-Market), investments, and financial controls. That's the purpose of the Farmers Market, a combination of both Haier's shared services platforms and industry platforms. This area has been the subject of some reflection and differing points of view within the firm. The level of centralisation may change after feedback from kitchens and the market is received in the coming months. Sales are an example of responsibilities that could gradually be distributed to kitchens closer to the market (especially for the more technical aspects of each proposal). Marketing may follow the same path once the recognisability of restaurants reaches a tipping point with a distinctive brand. Rather than exerting control, the aim of the Farmers Market is to relieve customer-facing

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teams from tasks that could distract and delay them. A final, but not inconsequential, role of the Farmers Market is in the coaching of chefs in their transition from workers to owners, with regard to notions and mindset.

- Preventing disasters.** In small enterprises, faith in the entrepreneurial drive of human beings, openness to distribute power, and the training of wannabe entrepreneurs does not altogether prevent the risk of one kitchen severely damaging the entire system. For this reason, the market is also responsible for handling critical situations such as closing a kitchen which is making a substantial financial loss and which has no promising long-term prospects. Just such a situation occurred during the first six months, with the safety net kicking in to protect both employees and the firm by the timely closure of one of the kitchens. Furthermore, through an internal market, the colleagues whose kitchen no longer existed were invited to join another unit within a week.
- A gradual journey of openness.** To remain within a boundary of safety, the first year of operations has already been estimated and budgeted, with an imposed guidance on the goals and limits of kitchens and chefs, although an increase in the level of autonomy is expected in 2023. Due to business continuity reasons and the necessary need for step-by-step learning, chefs, and thus micro-enterprise owners, were initially selected by the two CEOs, with their kitchens associated with specific service bundles (e.g., influencer marketing) and customers (e.g., ten pharma companies). Kitchens also received a target to meet in the first year and an invitation to prioritise internal instead of external hires. It is expected that the process will soon be opened up to individual candidates and there will be greater freedom regarding target segments / industrial sectors / preferred services in the future. Colleagues will be invited to pitch their proposals (e.g., metaverse or blockchain-related capabilities in the fashion industry) to the founders and



more freely manage budgets similar to micro-enterprises signing a VAM with Haier's industry platforms. Even the percentage of profit-sharing left in kitchens may quickly increase to 50% in the next one to two years, within which time former employees are expected to embrace their new careers as entrepreneurs and co-investors.

- Restaurants as a maturation path.** Not too different from the approach to micro-enterprise incubation proposed by Haier, Gummy Industries consider kitchens as just the first step in the ideation, validation, and incorporation journey for new ventures. Through consolidated offerings, repeated sales, and favourable market feedback, small teams have the chance to formally become owners in newly incorporated companies or restaurants (in Gummy Industries' lingo). Flatmates, a 10-people team co-owned by the Italian communication agency, made up of some former employees, and some external partners, is the testimony of such a growth path that all other kitchens will hopefully follow. Gummy Industries is not interested in gaining a majority share in the newly incorporated entities, it is more interested in nurturing its people's professional and emotional development by letting them feel in control of their ventures.





IMAGE COURTESY GUMMY INDUSTRIES

What Gummy Industries can teach us about RenDanHeYi transformations

We had more than one reason to reappraise our certainties regarding RenDanHeYi transformations after hearing Fabrizio and Alessandro discussing how they had tailored the guidelines created by Haier to Gummy Industries.

- **One year is enough.** Micro-enterprises, prototypical Ecosystem Micro-Communities, industry and shared services platforms, and even the incorporation of the first new entities have all been designed and prototyped in less than six months to be launched and validated within the first year. This is modest compared to both the complexity and timescales of Haier's journey and the path of many other large enterprises. Together with MAQE, this confirms how quickly a mature RenDanHeYi implementation can happen in smaller environments when the right conditions are met.

- **From work to incubation at scale.** Even more notable, Gummy Industries commenced a business model transition, from carrying out work to acting as the venture builder and cultivating others to do the 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 potential to follow the same path quickly, safely, and more effectively. To the best of our knowledge, RenDanHeYi is the best-suited model to support this specific evolution.
- **Faith in human potential.** The great returns that could be generated by giving 'ordinary employees' the power and responsibility to make decisions, hitherto allowed only to business owners, were the first lessons learned by Fabrizio and Alessandro. Seeing copywriters, digital strategists, marketers, and social media experts go from professionals to entrepreneurs, able to instruct and direct themselves and their teams after six months is of immeasurable value to them and the company. For this to be possible, a laidback management approach and a high level of faith in the potential of each and every colleague must be infused into the system.
- **It must start from the top.** In Gummy Industries, it all started and progressed so smoothly because of the willingness of the founders to intentionally step back and proactively distribute their power to the rest of the organisation. This required not just courage but also a natural sensitivity to the challenges emerging in the market, the needs manifested by employees internally, and awareness that new organisational models are unfortunately still rare in founders, leaders, and owners. There is much to achieve to make similar enabling traits a common management starting point.

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- **Employees stepping forward.** At the same time, selected colleagues accepted the challenge to jump ahead, taking over some of the responsibility, risk, and fun by rising to the position of leaders and owners, rather than workers or even bosses. Both parties must embrace the risk by seeing that this is the best guarantee for a thriving future.
- **The message is the model.** Encapsulating the complexity of the RenDanHeYi into cool, simplified, Italian storytelling with friendly, easy-to-understand graphics helped the founders involve their colleagues and energise them towards a profound and potentially unsettling transformation. Since organisational design rarely warms business peoples' hearts, creativity must be used to attract, build bridges and make the experimentation more attractive.

Initial returns to positively look at the future

Are there already tangible paybacks from all this work after only six months? The answer is a clear and promising yes, at least on two levels:

- From a financial perspective, **by June, the revenues generated by kitchens and restaurants had already offset the entire costs for the fiscal year**, months ahead of what had happened in the past. The advantage accumulated will be reinvested in further perfecting the model design and giving greater freedom to entrepreneurial teams.
- Still, the company feels monetary returns to be the wrong KPI for the transition. More interesting to them, 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 desired at a specific point in time. As a result, seven new offerings have emerged in one year instead of the seven years it would have taken with 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.**

Thanks to this, significant growth rates are projected for the end of the year, and we, at Boundaryless, are committed to checking in again soon with Gummy to keep learning from their experience.



About the Author

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