W. L. Gore—Culture of Innovation

"Why . . . couldn't an entire company be designed as a bureaucracy-free zone?"[1]

This was the thought that enthralled Wilbert ("Bill") L. Gore, a chemical engineer at E. I. du Pont de Nemours and Company (DuPont). This thought led him to break out of the traditional management practices and create a company that would cherish human imagination and freedom.

W. L. Gore & Associates, Inc. (referred to as W. L. Gore, or just Gore, in what follows) was founded in 1958. It was a privately held company headquartered in the suburbs of Newark, Delaware. In 2011, it was ranked for the 14th consecutive year among the "100 Best Companies to Work For" by *Fortune* magazine. Also, for several years in a row, it was named one of the best workplaces in the United Kingdom, Germany, France, and Italy. In recent years, it had appeared in the Sweden and Spain lists as well.[2]

The voluntary turnover rate at Gore was around 5%—one-third the average rate in its industry (durable goods) and one-fifth that for private firms of similar size.[3] In 2012, it had "more than 9,500 employees, called associates, located in 30 countries worldwide, with manufacturing facilities in the United States, Germany, Scotland, Japan, and China, and sales offices around
the world."[4]

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[1] Gary Hamel with Bill Breen, *The Future of Management* (Boston: Harvard Business School Press, 2007), p. 85.
[2] W. L. Gore & Associates, Inc., "Working in Our Unique Culture," W. L. Gore & Associates Web site, http://www.gore.com/en_xx/careers/whoweare/ourculture/gore-company-culture.html, accessed March 10, 2012.
[3] Rebecca Serwer, "Creating Competitive Advantage in Today's Labor Market: Lessons Learned from Three Model Companies" (Master of Professional Studies thesis, University of Denver University College, 2008), p. 54.
[4] W. L. Gore & Associates, Inc., "Gore Locations Worldwide," W. L. Gore & Associates Web site, http://www.gore.com/en_xx/aboutus/locations/index.html, accessed March 19, 2012.

This case was prepared by Jay Rao, Professor of Technology Operations and Information Management at Babson College, based on published sources. It was developed as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. It is not intended to serve as an endorsement, source of primary data or illustration of effective or ineffective management.

Though the company did not publish its financials, it had reportedly been profitable every year since its inception, and its revenues were approximately $3 billion.[5]

When Bill Gore embarked on his dream to create an innovative enterprise over a half century ago, he had a lot of questions:

Could you build a company with no hierarchy—where everyone was free to talk with everyone else? How about a company where there were no bosses, no supervisors, and no vice presidents? Could you let people choose what they wanted to work on, rather than assigning them tasks? Could you create a company with no "core" business, where people would put as much energy into finding the next big thing as they did into milking the last big thing? And could you do all of this while still delivering consistent growth and profitability?[6]

Background and Brief History

In April 1938, Dr. Roy J. Plunkett, a research chemist at DuPont, discovered PTFE (polytetrafluoroethylene resin), which was trademarked under the brand name Teflon.[7] Bill Gore, during his 17-year career at DuPont, was assigned several times to small R&D task forces, the last one of which was responsible for finding a meaningful commercial use for Teflon. While they were working on this assignment, another group at DuPont came up with a way to make thermoplastics out of Teflon. Hence, DuPont felt no need for Gore's group to continue. Gore observed, "Du Pont felt that [the thermoplastic version of Teflon] was good enough, and our group was dissolved."[8]

Gore believed that DuPont was largely underestimating the potential of this "slick, waxy fluoropolymer,"[9] so he continued to work on it in his spare time. Gore knew Teflon's unique properties as an electrical insulator and was trying to coat wire with it. Finally, in the fall of 1957, with help from his son Bob, he succeeded in producing a good ribbon cable by sandwiching wire between Teflon tapes. DuPont, with its traditional business of supplying raw materials, didn't want to enter the wire business. Nonetheless, it granted Bill Gore permission to start his own company and agreed to provide the required supply of Teflon.[10]

In 1958, Bill and his wife, Genevieve ("Vieve"), both 45 years old, invested their life savings to form W. L. Gore & Associates, which operated from the basement of their home in the suburbs outside of Newark, Delaware. The company's first product was the Multi-Tet insulated wire and cable. In 1960, Gore received its first major order for 7.5 miles of insulated ribbon cabling from

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[5] W. L. Gore & Associates, Inc., "About Gore," W. L. Gore & Associates Web site, http://www.gore.com/en_xx/aboutus/index.html, accessed March 9, 2012.
[6] Hamel, p. 86.
[7] "Dr. Roy J. Plunkett, Discoverer of Fluoropolymers," obituary, *The Fluoropolymers Division Newsletter*, Summer 1994, p. 1, available at http://www.fluoropolymers.org/news/PlunkArt94.pdf, accessed March 10, 2012.
[8] Alan G. Robinson and Sam Stern, *Corporate Creativity: How Innovation and Improvement Actually Happen* (San Francisco: Berrett-Koehler, 1998), p. 177.
[9] Hamel, p. 85.
[10] Robinson and Stern, pp. 177–178.

the Denver Water Company. This required increased manufacturing capacity and prompted the company's move from the family basement into its first manufacturing plant nearby.[11]

In 1969, Bob Gore discovered that rapidly stretching PTFE did not break the material but made it strong, highly porous, and extremely versatile. This new polymer, expanded polytetrafluoroethylene (ePTFE), was the first step towards Gore-Tex, the waterproof and breathable fabric that made the company famous. This polymer found its way into shoes, gloves, head gear, and other outdoor adventure wear that was used in expeditions to the North and South poles and Mount Everest.[12] In 1981, the spacesuits worn by NASA astronauts on the space shuttle *Columbia* were made with Gore-Tex fabric.[13]

By 2011, Gore held more than 2,000 patents worldwide in fields ranging from fabrics, electronics, medical devices (implant biomaterials), consumer products, pharmaceuticals and polymer processing.[14] More than 25 million people around the world had Gore's medical implants. Gore also supplied the most technologically advanced portfolio of Membrane Electrode Assemblies (MEA products) for the fuel cell industry.[15] Refer to **Exhibit 1** for some other notable events in the history of the company.

Lattice Enterprise; No Hierarchies

"I spend a significant amount of time focusing on the environment at Gore. I'm a firm believer that if you get the environment right, the business stuff is easy." —Terri Kelly, CEO, Gore[16]

Gore's mission statement put the culture of the firm ahead of its employees and its products (**Exhibit 2**).

While at DuPont, although Bill Gore was part of a much bigger organization, the small, focused teams that he used to work in had innate passion, initiative, and courage. The freewheeling spirit and operational autonomy that drove these small teams energized Gore, and he knew they invigorated his colleagues, too. [17] Further, Bill Gore's philosophy of management was deeply inspired by two sets of management theory: Abraham Maslow's hierarchy of Needs, published in 1943, and Douglas McGregor's 1960 bestseller, *The Human Side of Enterprise*.[18]

Maslow suggested that there are five human needs—physiological, safety, belonging, esteem, and self-actualization—and these needs are in a hierarchical order in the shape of a pyramid. At

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[11] W. L. Gore & Associates, Inc., "Our History," W. L. Gore & Associates Web site, http://www.gore.com/timeline/, accessed March 10, 2012.

[12] Hamel, p. 85.

[13] W. L. Gore & Associates, Inc., "Our History," W. L. Gore & Associates Web site, http://www.gore.com/timeline/, accessed March 10, 2012.

[14] Ibid.

[15] W. L. Gore & Associates, Inc., "About Gore," W. L. Gore & Associates Web site, http://www.gore.com/en_xx/aboutus/index.html, accessed March 10, 2012.

[16] Terri Kelly, "Nurturing a Vibrant Culture to Drive Innovation," talk given on December 9, 2008 at Wong Auditorium, MIT Sloan School of Management, Cambridge, MA, available from MIT World video collection, http://mitworld.mit.edu/video/643, accessed March 9, 2012.

[17] Hamel, p. 85.

[18] Ibid., p. 86.

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the base of the pyramid are the most basic physiological needs—food, water, shelter, and clothing. At the next level of the need pyramid is safety, i.e., security in one's person, finances, and health. At the next level is belonging, which is about friendship, intimacy, and family. Esteem needs include achievement, confidence, and respect. Finally, at the top of the pyramid is self-actualization, which includes creativity, morality, and problem solving. [19]

McGregor challenged the prevailing management beliefs of his time, which he labeled Theory X. According to him, Theory X assumes that the average human being has an inherent dislike of work and will avoid it if possible. Most people need to be forced to put in effort adequate to attain organizational success. By contrast, Theory Y assumes that the average human being finds work a source of satisfaction and will exercise self-direction and self-control in achieving the objectives he or she is committed to.[20]

These beliefs have been at the core of Gore's culture since its founding (**Exhibit 3**). Bill Gore deliberately set up his fledgling firm with the notion that an entire company can be designed to be bureaucracy-free:

> The simplicity and order of an authoritarian organization make it an almost irresistible temptation. Yet it is counter to the principles of individual freedom and smothers the creative growth of man. Freedom requires orderly restraint. The restraints imposed by the need for cooperation are minimized with a lattice organization.[21]

> A lattice organization is one that involves direct transactions, self-commitment, natural leadership, and lacks assigned or assumed authority. Every successful organization has a lattice organization that underlies the façade of authoritarian hierarchy. It is through these lattice organizations that things get done, and most of us delight in going around the formal procedures and doing things the straightforward and easy way.[22]

While W. L. Gore & Associates seemingly had a divisional structure, underneath it was a very flat lattice organization: "no traditional organizational charts, no chains of command, nor pre-determined channels of communication."[23] Each person in the lattice could interact with every other person without an intermediary. All employees were known by the same title, "Associate." There was no hierarchy of communication. Associates were free to go directly to whoever they believed had an answer.

The lack of a formal organizational chart meant that the associates had to build their own network through personal relationships. It was their personal responsibility to connect and build their own lattice on their own initiative. This heavy emphasis on relationships extended beyond associates to customers, vendors, and surrounding communities. Direct face-to-face communication and phone calls were found to work best in collaborating, building, and maintaining long-term relationships.[24] So co-location of facilities and plants was very important

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[19] Abraham Maslow, "A Theory of Human Motivation," *Psychological Review, 50*: 376–390.
[20] Douglas McGregor, *The Human Side of Enterprise* (New York: McGraw-Hill, 1960).
[21] "The Lattice Organization" (slide presentation), (Newark, DE: W. L. Gore & Associates, Inc., n.d.), p. 13, available at http://www.boozersclass.org/Gore_lattice.pdf, accessed April 10, 2011.
[22] Ibid., p. 2.
[23] W. L. Gore & Associates, Inc., "Our Culture," W. L. Gore & Associates Web site, http://www.gore.com/en_xx/aboutus/culture/index.html, accessed March 10, 2012.
[24] W. L. Gore & Associates, Inc., "Working in Our Unique Culture," W. L. Gore & Associates Web site, http://www.gore.com/en_xx/careers/whoweare/ourculture/gore-company-culture.html, accessed March 19, 2012.

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for Gore. For instance, there were 15 sites clustered around their headquarters, in Delaware, and 10 plants around Flagstaff, Arizona. This density enhanced both cross-functional and cross-team communication and collaboration.[25] Further, most of Gore's buildings were very un-corporate-like: unassuming, bland, boring, and unimpressive.[26]

The company had four major divisions: fabrics, electronic products, medical products, and industrial products. It had small, product-focused business units, with all the company-wide support functions to ensure smooth day-to-day operation. No business unit was allowed to grow beyond a certain size and, with only a few exceptions, facility and manufacturing sites were limited to no more than 250 associates. Bill Gore believed that the firm had "to divide so that you can multiply."[27] A cluster of small plants in proximity allowed for everyone to know everyone else, have a sense of "ownership and identity,"[28] as well as accountability for their decisions. This closeness also helped associates to move easily between projects.

Bill Gore was not in favor of manuals or bureaucratic rules for prescribing a fixed solution in any given situation. So, according to Terri Kelly, president and CEO, policy manuals were quite useless, since every situation was different, and they took judgment away from individuals.[29] Gore's associates had the freedom to analyze and come up with their own conclusion as to the best way to deal with different situations. Rather than providing a playbook, the firm used a set of four guiding principles, originally articulated by Bill Gore, to help associates with their decisions and behaviors:

- **Freedom**: The company was designed to be an organization in which associates can achieve their own goals best by directing their efforts toward the success of the corporation; action is prized; ideas are encouraged; and making mistakes is viewed as part of the creative process. We define freedom as being empowered to encourage each other to grow in knowledge, skill, scope of responsibility, and range of activities. We believe that associates will exceed expectations when given the freedom to do so.
- **Fairness**: Everyone at Gore sincerely tries to be fair with each other, our suppliers, our customers, and anyone else with whom we do business.
- **Commitment**: We are not assigned tasks; rather, we each make our own commitments and keep them.
- **Waterline**: Everyone at Gore consults with other associates before taking actions that might be "below the waterline"—causing serious damage to the company. [30]

At Gore, a governing metaphor was "the Gore Ship": every ship has a "waterline." If you make one bad decision, and that makes a hole in the ship above the waterline, the ship may be damaged, but it will survive and not sink. You can learn from that experience and move on. But if you make a hole below the waterline, the ship could sink.

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[25] Hamel, p. 93.

[26] Alan Deutschman, "The Fabric of Creativity," *Fast Company*, December 19, 2007, http://www.fastcompany.com/magazine/89/open_gore.html?page=0%2C1, accessed March 12, 2012.

[27] Simon Caulkin, "Gore-Tex Gets Made Without Managers," *The Observer*, November 2, 2008, http://www.guardian.co.uk/business/2008/nov/02/gore-tex-textiles-terri-kelly, accessed March 10, 2012.

[28] Ibid.

[29] Kelly, "Nurturing a Vibrant Culture."

[30] W. L. Gore & Associates, Inc., "What We Believe," W. L. Gore & Associates Web site, http://www.gore.com/en_xx/careers/whoweare/whatwebelieve/gore-culture.html, accessed March 10, 2012.

At most firms, guiding principles tended to be nice displays in entrances and in hallways or brochures. At Gore, the associates had to live them every day, since there were no job descriptions or direct reports.

Leaders, Sponsors, and Associates; No Titles or Bosses

"[Gore] is a tough place to lead."[31]

There were no fixed or assigned authorities at Gore. Even the CEO did not have direct reports.[32] Leaders at Gore focused on decentralization, made working groups cross-functional, and allocated resources. Leaders could not make commitments for others. Extreme freedom and autonomy meant that all associates had to understand their own capabilities and limits, set their own agendas, and make commitments to deliver results. Results were evaluated by their peers.

Hiring was considered a "waterline" decision, so candidates were interviewed by a broad and diverse team. The hiring process was heavily weighted towards a candidate's fit with the values and the culture, rather than merely a technical fit. Gore hired fiercely motivated people who were able to take initiative, felt free to pursue ideas on their own, communicated effectively, built their own networks, and collaborated to create innovative products. Gore cherished the notion of "natural leadership."[33]

Natural leadership was defined by followership. It was not possible to be a leader at Gore unless you had followers. No one started as a leader at Gore. Leadership was earned over time. Most often, leaders emerged naturally by demonstrating special knowledge, skill, or experience that advanced business objectives. A leader had to keep re-earning the respect at every step, because teams had the liberty to fire their chief at any time. "We vote with our feet," [said] Rich Buckingham, a manufacturing leader in Gore's technical fabrics group. "If you call a meeting, and people show up, you're a leader."[34] A leader who had repeatedly earned such a label was free to use the word "leader" on his or her business card.[35]

Leadership was defined by one's ability to influence followers: leadership without authority. Influence was cultivated by building credibility. This required a great deal of preparation, validation, and people skills to marshal the resources, rather than dictation based on authority. This lack of authority also meant that leaders were often required to explain their decisions and actions. As Steve Young, a consumer-marketing expert hired from Vlasic Foods, quickly discovered, "If you tell anybody what to do here, they'll never work for you again."[36]

Kelly's path to becoming CEO, one of the very few titles at Gore, reflects the company's overall approach to leadership.[37] In 1983, Kelly joined Gore as a process engineer. During her early years at Gore, she focused on gaining experience as a product specialist with the then-small military fabrics business unit. She later led the unit and helped it grow into a leading producer of protective products for the armed forces globally. In 1998, Kelly gained recognition

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[31] Kelly, "Nurturing a Vibrant Culture."
[32] Jeffrey Hollender, "Inventing the Future of Management: Part IV," JeffreyHollenderPartners: The Next Generation of Business, http://www.jeffreyhollender.com/?p=309, accessed March 10, 2012.
[33] Deutschman, "The Fabric of Creativity," p. C2.
[34] Hamel, p. 88.
[35] Ibid.
[36] Ibid., p. 92.
[37] Hamel, p. 88.

as part of the leadership team for the global Fabrics Division and helped establish Gore's first Asian fabrics manufacturing plant, in Shenzhen, China. Concurrently serving on the Enterprise Operations Committee, she also contributed to guiding the company's strategic direction.[38] In 2005, when Chuck Carroll retired as CEO, the management asked associates to choose someone they would be willing to follow. They weren't given a pre-defined list of names and were free to choose anyone. As Kelly recalled, "To my surprise, it was me."[39]

Every associate had a personal sponsor, someone who had voluntarily made a commitment to the associate's development, maximizing his or her contribution to the organization.[40] All understood that their job was to make everyone else successful.[41] The sponsors helped newcomers with their commitments and in fulfilling what it would take to deliver on them. They guided new recruits in finding a good fit between their skills and the needs of a particular team. During the first few months, a new associate was likely to experience different teams and be audited for a role. As the associates' commitments and needs changed, they or their sponsors were free to determine whether changes were needed, or even a new sponsor. Similarly, teams could choose whether they wanted to adopt a new member.[42] So, if an associate had difficulties finding a sponsor or a team, it was a strong indication that the associate would not be a good fit at Gore.[43]

One of the primary responsibilities of a sponsor, as a positive advocate, was to collect 360-degree information and feedback regarding the associate's personal development. This information, gathered from peers and leaders, was then shared with the appropriate compensation committee. Most sponsors were responsible for about five to seven associates. Leaders at Gore had four overarching requirements, centered on "living the culture" (see also **Exhibit 4**).

Leading Self—Be introspective, determine your capabilities, how your actions could impact the enterprise.

Getting it done—Be capable of doing the work, influencing others to get the necessary work done in an appropriate amount of time.

Shaping the vision—This differentiates a "Leader" and "Associate," the ability to shape or define the vision.

Leading others—One cannot go it alone and then have the ability to influence others to complete the tasks.

Living the culture—Did the leader uphold the values of culture in the process of getting their work done? [44]

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[38] Kelly, "Nurturing a Vibrant Culture."
[39] Hamel, p. 89.
[40] Ibid.
[41] Kelly, "Nurturing a Vibrant Culture."
[42] Hamel, p. 89.
[43] Kelly, "Nurturing a Vibrant Culture."
[44] Paraphrased by casewriter from Kelly, "Nurturing a Vibrant Culture."

While these requirements described what was expected, certain behaviors did not fit with the culture. Self-promotion, being a "know-it-all," declaring, "I am an expert," and displaying a Lone Ranger[45] type of behavior were disdained at Gore. It would be evident when an associate did not exhibit the behaviors consistent with the culture. When this happened, the associate's sponsors and mentors would try to work with the individual to create an action plan to correct these behaviors; otherwise, the parties would look at other options—including voluntary or involuntary termination.

Only Commitments; No Assignments

Associates were responsible to managing their own workload and would be accountable to others on their team. Only the associate could make a commitment to do something—a task, a project, or a new role. Once the commitment was made, the associate was expected to meet it. New associates were regularly cautioned against overextending themselves, and associates could reject any request. But once someone said, "I will do this," it was considered a near-sacred oath.

Projects and teams were not formed by assignment; rather, a product or project concept was usually formed by an individual, who garnered support to move forward. As the project progressed, project founders—not managers—had to sell their idea to other associates who they felt had the necessary technical, market, and organizational skills to advance the project.

Objectives were set by those who made them happen. This strategy was based on the belief that associates who were allowed to choose which projects to sponsor—by committing their resources—would more likely be motivated, because they would choose projects they believed in and felt they had an ownership stake in their success. Further, small teams with highly motivated associates supporting a project or product concept were more likely to succeed, because they believed in what they were doing. **Exhibit 5** highlights this link between associate engagement, autonomous teams, and business success.

Teams were usually quite diverse, consisting of mathematicians, engineers, accountants, machinists, and chemists. All these small, multi-disciplinary and boundary-crossing teams were freewheeling R&D groups who shared two common goals: to make money and have fun. Project teams were usually one-of-a-kind teams. They did not regroup over and over for subsequent projects. The composition of teams was opportunity driven—each one required different types of people with different kinds of expertise.

Anyone Can Be an Innovator; Nerds Are Mavericks

All associates were given free dabble time. They could spend up to 10% of their work hours in pursuing their own purpose.[46] When associates joined Gore they wouldn't have endless freedom; rather, the dabble time had to be earned.[47] Associates competed for the discretionary time of other talented individuals who were keen to work on something new and exciting and be

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[45] Business jargon for going it alone on decisions rather than consulting and including others in setting priorities and objectives. Based on a fictional character of radio and television shows, although the business connotation is a reductionist version of the character's ethic. See http://en.wikipedia.org/wiki/Lone_Ranger.

[46] Deutschman, p. C2.

[47] Kelly, "Nurturing a Vibrant Culture."

part of promising projects. Assembling a self-motivated team to work on a new idea was, according to Kelly, "a process of giving away ownership of the idea to people who want to contribute. The project won't go anywhere if you don't let people run with it."[48]

As an instance, Dave Myers, an engineer who was principally developing cardiac implants for Gore's medical products division, used the Gore-Tex polymer to coat his mountain-bike cables as a grit repellent. That dabbling went on to become Gore's Ride-On line of bike cables. That in turn led to improving the strings that controlled large puppets at Walt Disney World theme parks and Chuck E. Cheese's restaurants.[49] Impressed with the results, Myers continued his experimentation with the concept. He thought that such a coating could be ideal for guitar strings, as it would prevent skin oil buildup on the string and help retain its tonal qualities. Gore's absence from the music industry and Meyers's lack of expertise with guitars did not prevent him from spending his dabble time working on the guitar project. Instead, he sought volunteers with knowledge of guitars to help with the R&D. [50]

He was joined by Chuck Hebestreit, an engineer and a guitarist, and later by John Spencer, a musician himself. Together, they convinced six other associates to help with the project.[51] After three years of informal experimentation, the team thought they had hit a home run with a guitar string that could hold the tone three times longer than traditional ones did. But merchants refused to carry Gore's $15 Elixir guitar strings. Elixir was priced nearly four times more than the most expensive string on the market in 1996. So Gore went directly to the backstage—the shows and subscriber lists of guitar magazines—and gave away 20,000 samples in the first year.[52] The artists were hooked and Elixir quickly became the leading brand of acoustic guitar strings in the United States.[53]

At any given time, Gore had hundreds of projects at various stages of development.[54] While this proliferation could be perceived as chaotic, there was discipline behind it. First, most of the opportunities were clearly rooted in Gore's deep knowledge and mastery in ePTFE. Applications and adjacencies were explored and filtered using this technology boundary. Almost all of Gore's thousands of products were based on just that one very versatile polymer (**Exhibit 6**). Second, ideas died if associates didn't sign up for projects. Product champions gave the gift of a new opportunity, and in return other associates donated their talent, experience, and commitment. So Gore could be considered as a "gift economy."[55] Associates had to "gift" their dabble time and get involved in their colleagues' projects.

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[48] Hamel, p. 91.
[49] Deutschman, p. C2.
[50] Hamel, p. 90.
[51] Deutschman, p. C2.
[52] Deutschman, p. C3.
[53] Ann Harrington, "Who's Afraid of a New Product? Not W. L. Gore. It Has Mastered the Art of Storming Completely Different Businesses," *Fortune*, November 10, 2003, available at
http://money.cnn.com/magazines/fortune/fortune_archive/2003/11/10/352851/index.htm, accessed March 18, 2012.
[54] Ibid.
[55] Hamel, p. 91.

"Real, Win, Worth"[56]

Gore did not care for me-too products. They pursued opportunities that were "unique and valuable."[57] Gore aimed for quantum improvements that gave them a highly differentiated positioning in the market place.

The belief at Gore was that it was tough to plan for innovation, but it was possible to organize for it.[58] "We have a methodical way of how we do innovation," according to Kelly.[59]

At Gore, the journey from dabbling to profitability was guided by three "reality checks." According to Gore's former president, Chuck Carroll, "We go through an exercise called Real, Win, Worth. . . . Is the opportunity real? Is there really somebody out there that will buy this? Can we win? What do the economics look like? Can we make money doing this? Is it unique and valuable? Can we have a sustained advantage [such as a patent]?"[60] Each post-dabble project was scrutinized with periodic cross-functional reviews that required the project to survive these checks.[61]

Early on, the product champions identified critical hypotheses and tested fundamental assumptions in low-cost ways. The company never invested big until all the key uncertainties were resolved. Associates had a lot of latitude and discretionary time to experiment and test their ideas. But to take the project beyond the dabble stage, the team needed to show that the product opportunity was real. The team had to demonstrate that the opportunity solved a genuine customer problem for which the customer would be willing to pay—usually a premium. This step was crucial in order to attract resources to the project.[62] "It starts with the consumer. If we have a new technology but if it is not matching a consumer need, then it won't go far," [said] Christy Haywood [product manager from Gore's fabric division].[63]

As a project evolved from dabble-time experiment to one that sought formal support, the team prepared to participate in a series of peer reviews in which they were pressed on the fitness of the project. First, did the opportunity create a unique and differentiated product? Did the company get a technological advantage that it could defend? And did Gore have the resources and capabilities to make sure the product would do what the team said it would do?

Purpose, Passion, Persistence, Patience

"Gore has immense patience about the time it takes to get it right and get it to market," says Bob Doak, who leads a Gore plant in Dundee, Scotland. "If there's a glimmer of hope, you're encouraged to keep a project going and see if it could become a big thing."[64]

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[56] Harrington.
[57] Ibid.
[58] Hamel, p. 96.
[59] Kelly, "Nurturing a Vibrant Culture."
[60] Harrington.
[61] Ibid.
[62] Hamel, p. 95.
[63] Emily Walzer, "Ingredients for Innovation, " *Textile Insight*, May/June 2010, p. 18, available at http://www.gore.com/MungoBlobs/861/698/TextileInsightW_L_Gore.pdf, accessed March 18, 2012.
[64] Deutschman, p. C4.

Project teams self-organized or coalesced around passionate champions. Promising projects got nurtured for as long as they continued to pique the interest of a few associates and were not "burning through too much cash."[65] Concepts were given ample time, sometimes even years, to take form, and there were no cut-throat timelines or calendar marks. However, the company often knew when to pull the plug on a project, whether it was a new initiative or a successful business.

For instance, the origin of Glide dental floss dated back to 1971, when Bill Gore tried to use a Gore-Tex fabric ribbon to floss his teeth. For about twenty years, the company wasn't able to take the product to market, as it could not get health care product companies to adopt its technology or local drug stores to put the product on its shelves. In 1991, John Spencer came up with the idea of promoting the floss as a medical technology product instead of a normal consumer product. He gave away free samples of the floss to dentists, who were impressed with its shred resistance and helped build a strong followership among dental hygienists.[66] By 2003, when it sold the dental floss business to Procter & Gamble, Gore had reached dental floss sales of over $45 million in the U.S. market. Chuck Carroll commented on why Gore sold its successful Glide business to P&G: "To stay in that market long-term, you really need a whole family of health-care products. The Wal-Marts don't want to buy floss from one guy and toothpaste from another."[67]

Freedom to Experiment; No Fear of Failure

Ideas were encouraged, action was prized, and making mistakes was viewed as part of the creative process. There were very low barriers to experimentation, as there was always ready access to equipment and materials. A project failure did not necessarily mean the team failed. Associates were ultimately judged by the success of the entire organization, and the individual's contribution to the enterprise was evaluated by a thorough 360-degree review process to score and rank the individuals in a team. When a project failed, there was a post-mortem: Was the concept flawed? Were there poor decisions made along the way? Was it a flawed approach to the solution, or was it simply poorly executed? The goal of this post-mortem was to learn from the experiment and to leverage it in other parts of the enterprise. When an initiative was killed, they "celebrated" with beer and Champagne.[68]

Compensation for associates was based on contribution. It was determined by a committee of leaders with expertise in the functional area. The committee reviewed and rank-ordered the associates on the basis of input from the leaders as well as the associate's peer group regarding his or her impact and effectiveness.[69] Even if projects failed or couldn't hit targets, contribution was judged on the basis of the associate's overall impact on the enterprise. For instance, coaching new hires was considered as a significant contribution. To ensure fairness and competitiveness externally, Gore continually compared compensation packages with similar

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[65] Hamel, p. 95.

[66] Lindsay Hunt, "W. L. Gore, MarketBuster," p. 2, available at

http://www.marketbusting.com/casestudies/WL%20Gore.pdf, accessed March 18, 2012.

[67] Harrington.

[68] Deutschman, p. C3.

[69] Hamel, p. 92.

firms and rewarded associates accordingly. They were also compensated through stock and profit-sharing programs.[70] "We are all in the same boat."[71]

After one year of employment, all associates were eligible to be owners in the firm. Employees owned nearly 25% of the firm.[72] Both risks and rewards were shared, with a commitment to long-term success. Investment decisions were based on long-term payoff. The costs and resources associated with experimentation and research were not looked upon as "expenses" but rather as "investments."[73] Associates were encouraged to treat investments as if they were using their own money.

Freedom with Discipline

While there was very little bureaucracy within Gore, it was not as though there was endless freedom. It was not a free-for-all environment. Knowing that distributed leadership could very quickly devolve into chaos, Gore had several sources of "Key Disciplines" (**Exhibit 3**). Gore had very methodical ways of describing opportunities, leveraging core technologies, evaluating opportunities in terms of business results, demanding peer-review processes, giving associates discretion to explore (earned over time), pursuing rigorous patent protection of its intellectual property, and ensuring sponsors' personal commitment to the success of associates.[74]

Culture across Cultures

In 2012, Gore was operating in 30 countries. One would have expected that a strong culture like Gore's would be quite a challenge to implement in certain countries, especially in Asia. Gore had made sure that there was room for adaptation. For instance, in Korea it was inconceivable not to have business cards with clearly labeled titles. It was critical for communication with customers and business partners, as well as for the associates' families. So Korean associates had all kinds of fancy titles on their business cards. Yet they very well knew that these titles didn't mean anything internally, and having them didn't mean they could behave differently.[75]

While sub-cultures existed within Gore around the world with subtle differences, some of the fundamental beliefs of Gore were held sacrosanct. According to Kelly, "The values are the same in Asia. Who doesn't want to be believed in? Who doesn't want to feel they can make a huge contribution? Most people want to be part of a team."[76]

Fifty years after its founding, a majority of the core tenets of Bill Gore's management philosophy were still thriving at W. L. Gore & Associates—not just in the U.S. operations, but in several of its divisions around the world.

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[70] Dawn Anfuso, "1999 Optimas Award Profile W. L. Gore and Associates Inc.," *Workforce*, March 1, 1999, available at http://www.workforce.com/article/19990301/NEWS02/303019952, accessed March 18, 2012.
[71] Kelly, "Nurturing a Vibrant Culture."
[72] Anfuso.
[73] Kelly, "Nurturing a Vibrant Culture."
[74] Ibid.
[75] Kelly, "Nurturing a Vibrant Culture."
[76] Tina Nielsen, "WL Gore (Company Profile)," *Director*, February 2, 2010, http://www.director.co.uk/magazine/2010/2_Feb/WLGore_63_06.html, accessed April 4, 2012.
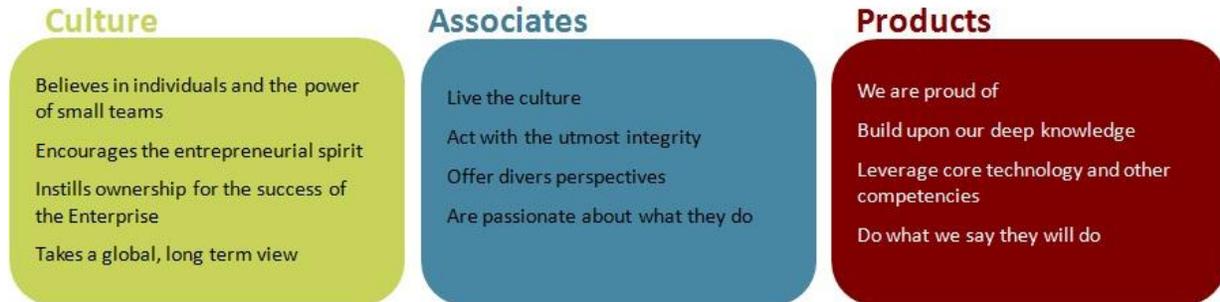
Exhibit 1 A Few Notable Events in W. L. Gore's History

Year	Event
1958	The enterprise's first product was Multi-Tet insulated wire and cable. Early associates were paid in part with awards of Gore stock, establishing a tradition of associate ownership through shareholding.
1960	The company issued its first profit share to associates
1963	The company earned its first patent. U.S. Patent 3,082,292 was issued to Bob Gore for the "Multiconductor Wiring Strip" known as Multi-Tet cable.
1972	Gore's annual sales reached $10 million.
1981	Gore fibers were used in space suits in the inaugural space shuttle mission.
1986	Bill Gore died while hiking in Wyoming at age 74. Bob Gore became CEO.
1992	Glide dental floss was introduced nationally.
1997	Elixir guitar strings were introduced.
2000	Chuck Carroll became president and CEO.
2005	Vieve Gore passed away at age 91. Terri Kelly succeeded Chuck Carroll as president and CEO.
2007	Gore hit the $2 billion sales mark.

Source: Casewriter's extracts from "50 Years of Gore History Online," W. L. Gore & Associates Web site, http://www.gore.com/timeline/, accessed March 11, 2012.

Exhibit 2 The Mission

Nurture a vibrant **Culture** that engages talented **Associates** who deliver innovative **Products**
that create extraordinary value for all of our stakeholders

Culture

Believes in individuals and the power of small teams

Encourages the entrepreneurial spirit

Instills ownership for the success of the Enterprise

Takes a global, long term view

Associates

Live the culture

Act with the utmost integrity

Offer divers perspectives

Are passionate about what they do

Products

We are proud of

Build upon our deep knowledge

Leverage core technology and other competencies

Do what we say they will do

Source: Casewriter, adapted from Terri Kelly, "Nurturing a Vibrant Culture to Drive Innovation," talk given on December 9, 2008 at Wong Auditorium, MIT Sloan School of Management, Cambridge, MA, available from MIT World video collection, http://mitworld.mit.edu/video/643.

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Exhibit 3 Gore Culture

Early Influences

Maslow's Hierarchy
Of Needs

McGregor's
Theory X vs. Theory Y

DuPont Task
Force

Creating an
Enterprise

External Influences

Customers
Economic Climate
Globalization
Government
Suppliers
Technology
Competition
Labor Market
Environment

Core Values
Innovation
and Creativity
High Ethics
and Integrity
Direct One-to-One
Communication
Lattice
Deep Knowledge
Natural Leadership
Personal Relationships
Built on Trust
Fitness for Use
Compensation Based
on Contribution

Key Disciplines
IP Protection
Core Technology
Commitment
Investments,
Not Expenses
Product Concept
Statements
Sponsorship
Value Pricing
Knowledge-Based
Decision-making

Practices
Profit Sharing
Ownership
through "ASOP"
Contribution/
Compensation
Process
Cluster Concept
Three-Legged Stool
Commitments,
Not Titles
Culture Survey

Guiding Principles

What we Believe
Belief in the individual
Power of small teams
All in the same boat
Long-term view
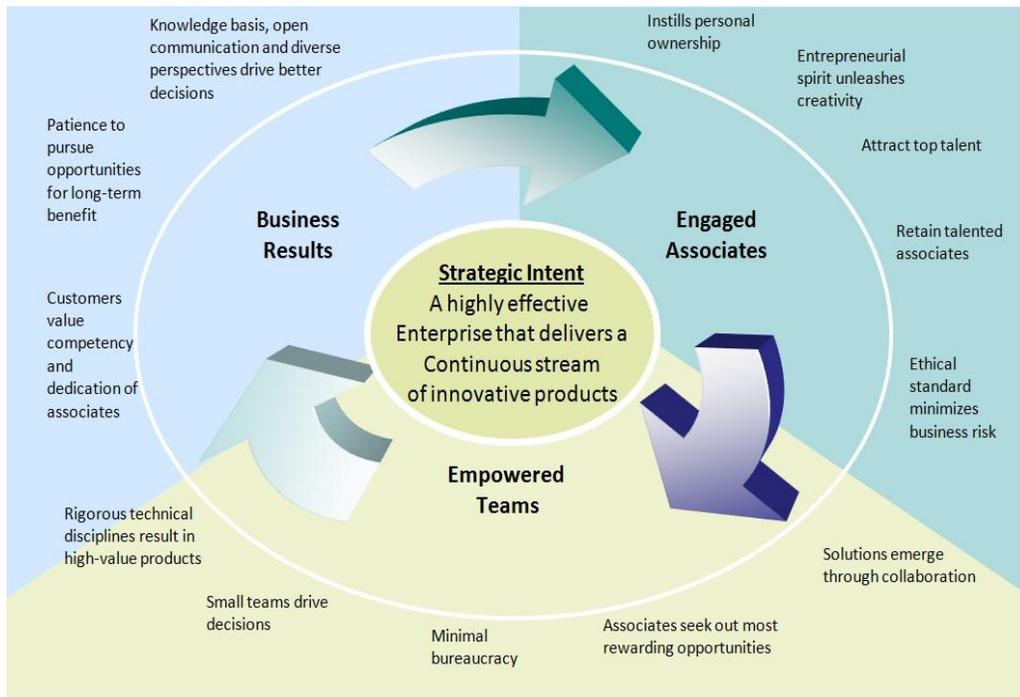
Freedom
Fairness
Commitment
Waterline

Source: Casewriter, adapted from Kelly.

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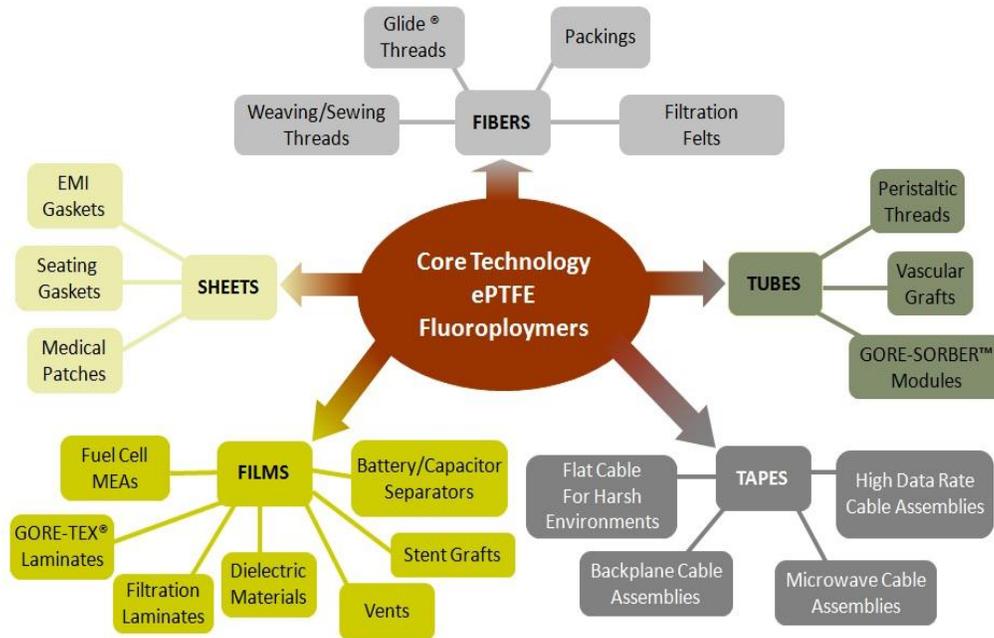
Exhibit 4 Leadership Expectations

Source: Casewriter, adapted from Kelly.

Exhibit 5 Setup for Success

Source: Casewriter, adapted from Kelly.

Exhibit 6 **Product Mix: Core Technology as a Common Link**

Source: Casewriter, adapted from Kelly.