

The Gain Was Always Shared

Chapter Twelve of The Gain Was Always Shared

Ammanuel Santa Anna

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Chapter Twelve of The Gain Was Always Shared. The whole book, with every chapter, is at business.hautelumiere.life/library/the-gain-was-always-shared (DOI https://doi.org/10.5281/zenodo.23989502).

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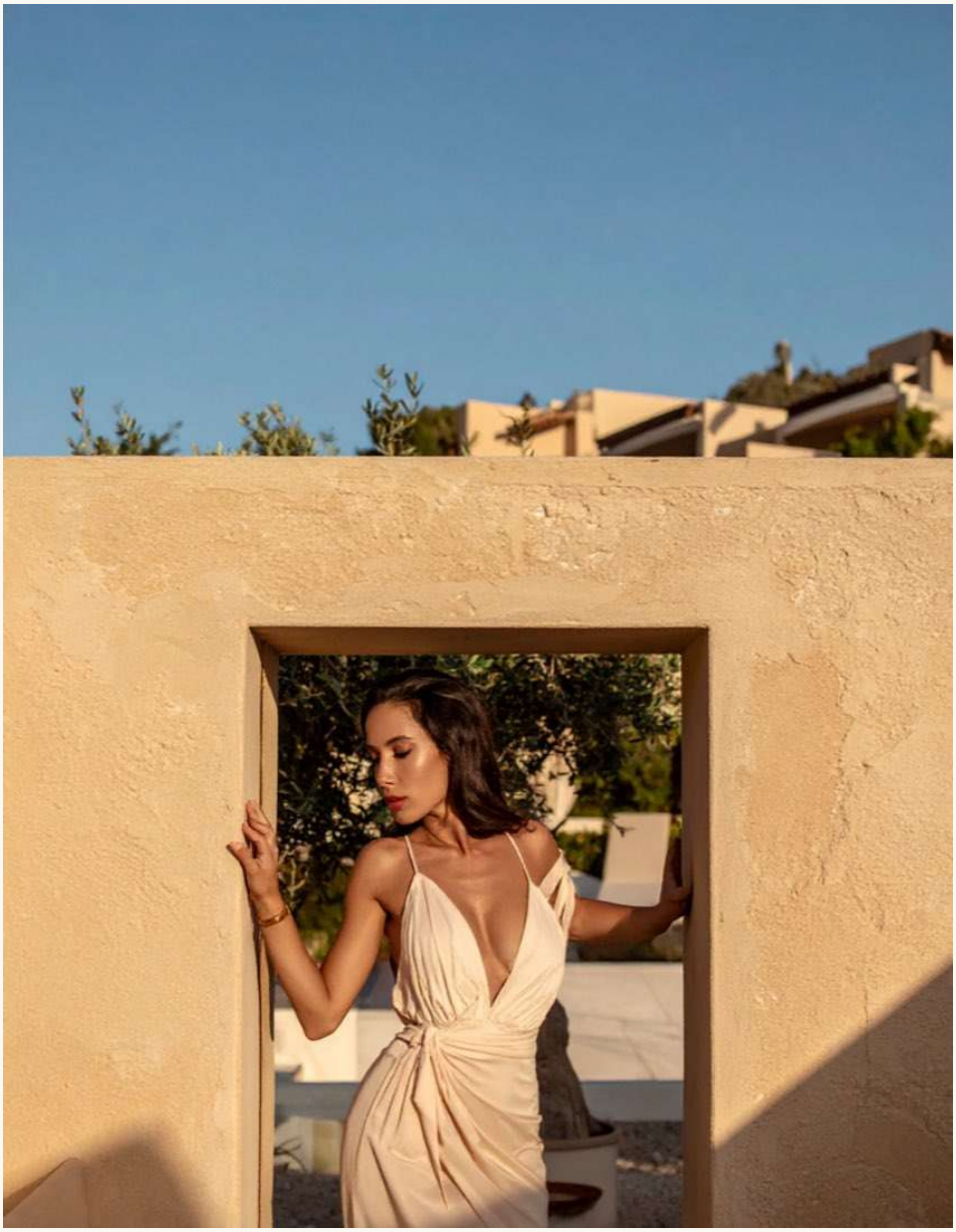
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ABSTRACT

Every improvement in a working organisation has already been paid for once, before anyone designs a reward for it. It was paid for by the person who noticed the sealing jaw drifting after four hours, the nurse who saw that the handover form lost the one line that mattered, the clerk who realised that a report three departments produced was read by none of them. They paid in attention, usually unasked, often on their own time, and in most firms the payment was never recorded. The question gainsharing asks is not whether to share the gain. The gain is already shared, in the sense that it was produced by many people. The question is whether the firm will acknowledge that, in money and in structure, or whether it will continue to book the result as management's and the knowledge as free.

CHAPTER TWELVE

The Gain Was Always Shared



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Someone already paid for it

Every improvement in a working organisation has already been paid for once, before anyone designs a reward for it. It was paid for by the person who noticed the sealing jaw drifting after four hours, the nurse who saw that the handover form lost the one line that mattered, the clerk who realised that a report three departments produced was read by none of them. They paid in attention, usually unasked, often on their own time, and in most firms the payment was never recorded.

The question gainsharing asks is not whether to share the gain. The gain is already shared, in the sense that it was produced by many people. The question is whether the firm will acknowledge that, in money and in structure, or whether it will continue to book the result as management's and the knowledge as free.

This book has read the idea from many directions. Its origin in a failing mill and a union officer's question. Its five characteristic failures, each with a way through. The house's reading of it as a circulation, with knowledge moving up and answers moving back. The published cases, every figure traced and graded; the service firm where the first return was talk; the harder rooms where plans broke their promises or found their savings somewhere other than the floor. Then the practice: the field manual, measurement, the hard conversations, the household. This last chapter puts gainsharing beside its neighbours, says plainly what it cannot do alone, gives the living-systems reading of the whole, and ends with what a leader can start on Monday.

Three neighbours

Gainsharing is one of several answers the Ecstatic Economics series reads to a single underlying question: when many people produce something together, how do they hold it? Three companion books take up other answers, and each one sharpens what gainsharing is.

Ownership. The companion book on employee ownership and profit sharing reads the research of Douglas Kruse, Joseph Blasi and Richard Freeman, gathered in *Shared Capitalism at Work*, on firms where employees own shares or share in profit.[106] Ownership is a deeper answer than gainsharing in one respect and a shallower one in another. It gives people a claim on the whole firm, including its future, which a gainsharing plan does not. But a share of profit is affected by everything the firm does, including decisions a worker on the night shift cannot see or influence. Gainsharing's narrower measure is, in that sense, a closer one: it ties the reward to what the group can actually change. A firm can have both; the companion book reads the evidence on combinations, and this chapter does not anticipate its conclusions.

Ammanuel Santa Anna's *Ecstatic Economics* describes the difference ownership makes in terms of what a person is watching for:

> *The wage employee's neuroception is scanning for threats from the organization — layoffs, pay cuts, arbitrary management decisions.*[107]

The sentence continues by saying that the worker-owner's attention turns towards threats *to* the organisation instead. Gainsharing, at its best, produces a partial version of that turn. The person who knows the sealing jaw drifts begins to treat the drift as their problem.

Reciprocity. The companion book on gift, reciprocity and trust reads George Akerlof's 1982 account of labour contracts as partial gift exchange and the 1993 experiments of Ernst Fehr and his colleagues on fairness and reciprocity,[108] in which people answer generosity with effort and unfairness with withdrawal, even at cost to themselves. That research is the down-current of Chapter 4 studied under laboratory conditions. It suggests why the answer to an idea matters so much: an answer is a small gift of attention, and people reciprocate. It also suggests why a ratchet is so damaging: a raised target after a good year reads as an unfair return, and people withdraw.

Santa Anna's book states the economic consequence of ignoring this in one sentence about markets that treat relationships as costs:

> *An economy that destroys relationships in order to produce commodities is destroying wealth in order to create the illusion of wealth.*[109]

A gainsharing plan that pays out while the suggestion box goes unanswered is a small instance of that illusion. The bonus looks like sharing. The relationship that produces the knowledge is being spent.

The commons. The companion book on Elinor Ostrom's work reads the design principles of her 1990 *Governing the Commons*[110] for groups that govern a shared resource without either a central owner or a market: clear boundaries, rules that fit local conditions, the people affected taking part in making the rules, monitoring by the users themselves, graduated sanctions, cheap ways of resolving conflict, and the right to organise recognised by outside authorities. Read beside gainsharing, the list is striking. Clear boundaries is the bonus group drawn around cooperation. Participation in rule-making is the vote that Dong-One Kim found associated with survival.[111] Monitoring by the users is the visible measure on the board. The free-rider problem that Eugene Kandel and Edward Lazear described in 1992 is the problem of the commons, and their own proposed answer, peer pressure and mutual monitoring among people who can see each other's work, is close to Ostrom's.[112]

A firm's improvable processes are a kind of commons. Many people can improve them; none can do it alone; the benefit is shared whether or not the effort is. Gainsharing is one set of rules for governing that commons. Ostrom's work suggests the rules work best when the people who use the resource make them.

What gainsharing cannot do alone

Placed beside its neighbours, the limits of gainsharing are easier to state. Each comes with a way through, and each way through leads to one of the companion books.

It cannot change who owns the firm. A plan can be withdrawn by an owner who sells, or by a new management that never believed in it. Santa Anna's book names the fear this creates, writing about workers whose companies are sold:

> *the fear that the structures you depend on will be captured by interests that don't care about you.*[113]

The way through is to combine the plan with a structure that protects it: an ownership stake, a written charter for the plan that survives a change of control, or the steward-ownership forms the book describes. The companion book on patient capital reads the evidence on how ownership horizons shape what firms keep.

It cannot make an unfair system fair by measuring it. A shared measure in a firm with deep inequities of pay or treatment will make those inequities more visible, not less. Santa Anna is direct about this in his discussion of pay transparency, and the warning carries over intact:

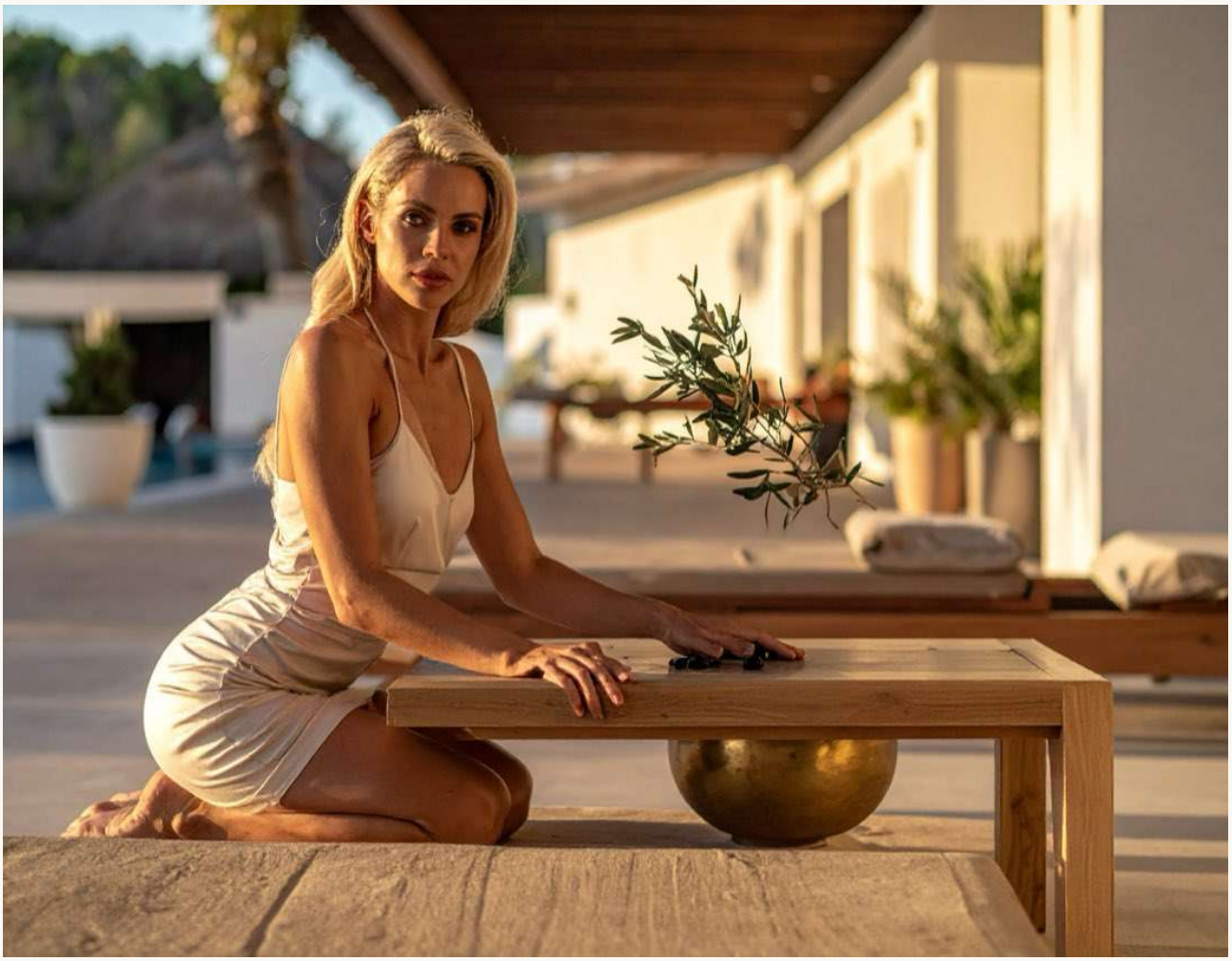
> *you can't make an unjust system transparent and expect positive results.*[114]

The way through is to fix the obvious inequities first, or at least alongside. A plan that opens the books on an unfair base will be read, correctly, as an invitation to work harder inside the unfairness.

It cannot replace the slow work of changing how people relate. Chapter 3 quoted the book's sentence that authority cannot be distributed to nervous systems still organised around fear. The same passage describes the change involved:

> *The transition from traditional hierarchy to distributed authority is a developmental process, not a structural flip*[115]

Gainsharing installed as a structural flip, a formula announced on a Monday, meets that limit at once. The way through is the sequence Chapters 5 and 8 laid out: the answer first, then the measure, then the committees, then the design and the vote. Each step gives people time to discover that the new structure is safe before the next one asks more of them.



The root, named once

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The root, named once

There is a reason the same limits recur across all these books. Santa Anna's book locates it below any particular scheme, in the assumptions a firm makes about where its value comes from. Describing how ordinary corporations come to do harm without anyone intending it, it says:

> *Not because the people running the corporation are evil, but because the metaphysical assumptions embedded in the system make destruction rational.*[116]

Shrink that to the scale of one plant. If a firm assumes that value comes from capital and management, and that labour is a cost to be minimised, then ignoring the night-shift operator's knowledge is rational. Nobody needs to be indifferent to it. The firm's accounts simply have no line for it. Gainsharing, in its original form, was a correction to that assumption written into the accounts: a line that said the people doing

the work produce some of the gain and will share in it. The formula is the visible part. The correction is the substance.

The book puts the same thought more briefly, in its diagnosis of what goes wrong in economic life:

> *The wound isn't greed. Greed is a symptom.*[117]

A leader who reads gainsharing as a way to buy effort is treating a symptom. A leader who reads it as a correction to the firm's account of where its value comes from is working at the root.

What to do on Monday

None of what follows requires a change in anyone's pay. It is the first half of Scanlon's idea, which Chapter 2 argued should always come first. The field manual in Chapter 8 is the long form; this is the short form, for a leader who wants to begin before finishing the book. It can begin on Monday and be judged in ninety days.

At the start of Monday's team meeting, speak first, honestly. Santa Anna's book describes a protocol in which the leader opens a weekly meeting not with a status update but with an account of what they are struggling with and what they do not know. It estimates the cost precisely:

> *This takes roughly ninety seconds and changes the entire relational field of the meeting.*[118]

The book's claim about the effect is the author's, not a measured result. The cost is real and small. A leader who wants ideas to move upward has to show that saying something uncertain is safe.

Announce one rule. Every idea about cost, quality, safety or waste receives a written answer within ten working days, with a reason if it is declined. Say who will answer, and say where the answers will be posted. This is the one commitment in the list that costs a leader something every week. It is also the one the whole book has pointed to as the plainest test of whether a firm means it.

Choose one number and put it where people can see it. A number the team can move by changing how it works. Defects, downtime, rework, waiting time, errors returned by the next team. Post it weekly. When an idea is implemented, write the name of the person who had it beside the line it changed.

Start counting. Ideas received, from how many people, median days to answer, share implemented. These are the vital signs of the circulation. The First-Year Ledger in Chapter 5 is one way to keep them, and Chapter 9 explains how to read them.

Write down what you expect. Before anything is shared, write what you think will change, by how much and by when. In ninety days, compare. That page is your firm's own study, and it will tell you more about your people than any figure in this book.

Talk to the supervisors before you talk to anyone else. Chapter 3 named the supervisor as the person a participation system most often threatens. Before the rule is announced, sit with each supervisor and say what their part will be: the person who brings the team's ideas forward and is named when they are adopted, not the person whose omissions the cards expose. Ask what they would need for that to be true. Measure them, for the first ninety days, on the share of their team's ideas answered on time and nothing else.

Decide what happens to a job an idea removes. Sooner or later someone will suggest a change that makes a task unnecessary. Decide now, and say aloud, what happens to the person whose task it was. The plant in Michael Schuster's study of up to nine years kept employment and turnover stable while productivity rose.[119] A firm that cannot make some version of that promise will find that the ideas it receives are always about someone else's work.

Leave the formula until last. If, after six months to a year, the ideas are coming, the answers are going back, and the number is moving, then design a shared reward with the people it would cover, and let them vote on it. If they are not, no formula will fix it.



The living-systems reading of the whole

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The living-systems reading of the whole

Step back from the plant, the hospital and the household, and the whole of this book can be read as one image. *Ecstatic Economics* gives it, in a passage about what regenerative enterprise might learn from the natural world. A forest, it observes, does not merely sustain itself; it builds soil, holds water and increases the life it carries over time. Then it says what that means for a living system:

> *A healthy ecosystem is not in equilibrium.*[120]

The passage continues by naming the condition it calls generative surplus, a system

> *continuously producing more life than it consumes*[120]

and it lists the design principles a human structure might learn from that, ending with

> *the distribution of intelligence to every node in the network*[120]

That last phrase is gainsharing in ten words. A firm in which intelligence sits only at the top is a forest in which only the canopy can feel the weather. Every root that meets a stone, every leaf that meets a shadow, holds information the whole tree needs, and a tree that cannot move that information dies of what its own leaves knew. The suggestion card, the committee, the answer within ten days, the number on the board and the share returned when it moves are the vascular system of an organisation that has decided to let its intelligence travel.

Read this way, the gain is not something the firm creates and then decides whether to share. It is the surplus a living system produces when its circulation runs: the fewer defects, the less downtime, the better handover, the report nobody needed that stopped being written. It was produced by many people. Sharing it is not generosity; it is accurate bookkeeping. And the plan's survival depends, as the forest's does, less on any single season's yield than on whether the channels stay open when a season is poor.

The book's closing claim is therefore modest and, the evidence suggests, durable. An organisation that asks, answers, shows and returns is healthier than one that does not, in ways that can be counted, and the first three of those four cost almost nothing to begin.

Where the work goes from here

These chapters have stayed with the published record and with practice that any leader can begin. The finer work of applying them inside a particular organisation, choosing the measure, drawing the group, sequencing the first year and building the structure that lets a plan outlast a change of management, is the subject of the consulting conversations Ammanuel Santa Anna holds with leaders, which begin at hautelumiere.life.

The lens behind the book is set out in full in *Ecstatic Economics*, in its colour art edition at *Ecstatic Economics*, and the companion books in the series are listed at https://hautelumiere.life. Two Alpha Papers sit closest to the Monday list: *Alpha OKR* for keeping the chosen measure tied to the firm's strategy, and *Alpha Stakeholder Map* for seeing who gains and loses voice when the rules change.

The card on the board

Go back to the night shift, to the operator and the sealing jaw. On Monday nothing about her pay has changed. What has changed is that she wrote the card, someone answered it in writing within ten days, the jaw was reset on a four-hour schedule, and the defect line for that machine dropped by the end of the month. Her name is beside it on the board in pencil.

She is a composite, from the plant in Chapter 5, and so is the card. But the sequence is the one the record keeps finding. That is all gainsharing is, before the money: a firm that has started to write down where its gains come from. Scanlon began there in a failing mill in the late 1930s. Every plan that has worked since has begun there too, whether or not its designers knew the history. The cheque, when it comes, only confirms what the card on the board already says.

The Tool: The Ninety-Day Monday Page

One page, filled in on the first Monday and again at day ninety. It covers the first half of the idea only, the part that needs no change in pay.

Day one

Team or unit: · people: ___ · leader:

Monday meeting: leader spoke first about something uncertain? yes / no · what:

The answer rule, as announced: every idea answered in writing within ___ working days, with a reason if declined. Who answers: · Where answers are posted:

The one number: · today's value: ___ · where it is posted: · how often:

- What we expect by day ninety (written now): ideas per month ___ · median days to answer ___ · share implemented ___ % · the number ___

Weekly (one line each week)

WEEK	IDEAS IN	FROM HOW MANY PEOPLE	ANSWERED ON TIME	IMPLEMENTED	THE NUMBER	NAME WRITTEN ON THE BOARD
1						
2						
3						
…						
13						

Day ninety

Actual against expected, line by line:

- The stage where the circulation is weakest: ideas / answers / measure / implementation

One change for the next ninety days:

Inequities that the visible number has exposed, and what will be done about them:

Is the team ready to help design a shared reward and vote on it? yes / not yet · reason:

The best idea of the ninety days, in the words of the person who had it:

A note on method

The night-shift operator and the packaging plant are from the composite in Chapter 5, built for teaching; they are not real.

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