

## Book Review

# The Seven-Day Weekend

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### Introduction

Imagine an organization resting purely on democratic principles, where there is no Human Resources Department, where employees can choose whatever designation they prefer to print on their business cards. Where there are no fixed work hours, no formal organization structure, no designated parking, no manuals, procedures and policies, no dress codes, no long term plans, no vision statement, no credos, and no permanent desk for an employee!

Unbelievable yet true, this is "Semco"- a Brazilian organization (50 years old) with annual revenues of \$160 million. The annual revenue of Semco has risen from \$35 million in 1994 to \$ 160 million in 2001. Semco employs 3000 people working in three countries in manufacturing, professional services and high tech software.

### The beginning

Ricardo Semler inherited Semco from his father and transformed a small family business to a highly profitable company (40 times its original size), having 8 businesses of which 6 are market leaders in their respective areas. The total growth rate of Semco is 40%. None of the businesses have a growth rate less than 22%!

### Philosophy of Semco: A democratic workplace

On the Job democracy is not just a lofty concept at Semco, it is adopted as the best way to do things. One cardinal strategy at Semco is "Ask why. Ask it three times in a row". Employees at Semco choose their own leaders and manage themselves through self- direction. Employees

are encouraged to speak up, challenge, question and share information openly. (Salaries of all employees are displayed through e-mail!). Semco fosters open communication, surprisingly encourages questions and dissent in the work place.

Justifying the need for true democracy in the work place, Ricardo Semler raises some pertinent questions.

1. When people are treated as adults in private lives, why are they treated as adolescents at work?
2. Why shouldn't employees manage themselves?
3. Why can't employees speak up?
4. When employees answer e-mails on Sundays, why can't they take in a movie on Monday afternoon?
5. When employees take work home, why can't they take kids to work?
6. Why is leisure, actually idle time?

Semler introduces the concept of a seven-day weekend, which calls for re-organizing the workplace, both physically and culturally. Seven-day weekend promises to make work more fun, to help find a balance between work and private passions, so both can be significantly gratifying. Hundreds of corporate leaders, from around the world have visited Semco and mostly gone away shaking their heads in bewilderment, unable to believe that such a company can exist and exist profitably!

### Businesses of Semco

1. **Engineering unit-** manufactures marine pumps, high tech mixers for pharmaceutical and candy making companies. Each

machine costs \$6-7 millions.

2. **Semco BAC**- a company formed as a partnership with Baltimore Air Coil (USA). This company provides cooling towers for commercial properties.
3. **Cushman and Wakefield Semco**- a partnership with a New York real estate company.
4. **Semco Johnson controls**- a facility management company, which manages hospitals, airports and hotels.
5. **ERM**- a partnership with an environmental consulting company. The company undertakes environmental site mediation, environmental intelligence and risk management.
6. **Semco Ventures**- a company managing 14 projects mostly Internet and High technology business.
7. **Semco HR**- an outsourcing company for HR activities of large companies like recruitment, selection training, medical assistance and benefit management.
8. **Semco-RGIS**- a Company which provides inventory control to Wal-Mart, Sears, Carrefour, JC Penney etc.

### What makes Semco different?

- Flexi time- Semco has adopted flexi time even for shop floor activities. "Work from home" is also a very accepted phenomena.
  - Variable salary options- there are many options for the employees to choose from
    - "Up 'n Down Pay"-where some responsibility of one employee is transferred to another willing employee. The salaries of both the employees are also adjusted accordingly.
    - "Retire-a-little program"- where an employee can decrease his job responsibilities and take home lesser salary.
    - "Work' n stop plan"- where an employee can choose to take a break from work for a professional or personal reason.
  - Providing absolute employee security for all personal telephonic or e-mail communication.
- Semco helps its employees to find their "calling"( a passion for the job that one wants to do most in life).
  - Collaborative interviews- Semco uses a fairly exhausting hiring process. The employees collectively interview a group of 7 to 8 candidates and **employees select their own bosses!**
  - Ricardo Semler has given a new formula to describe human talent: **IQ + SQ + EQ-EGO** (Intelligence quotient, spiritual quotient, emotional quotient) Semler argues that too much talent is as bad as too little latent. If talent is fire, ego is gasoline, and the combination is explosive.
  - Genuine concern for employees at Semco is illustrated in the following example- Lucia Kobayashi, an executive at Semco changed three Semco companies and always belonged to bottom 10%. In spite of low performance she continues to work for Semco, currently selling software!
  - Semco has a unique "Lost in space program"- where an employee can work in different departments for one year and then decide where, he or she wants to continue The employee can choose to resign also!
  - Semco has organized "Rush hour MBA"- an MBA crash course conducted at 6 PM, every Monday, to beat traffic snarls and also sharpen management skills.
  - "Management by (O) mission" is a philosophy religiously adopted at Semco. Ricardo Semler's advice to all managers is "Do nothing in order to govern". Semco managers rarely interfere in day to day management. Semco managers believe that by not taking a stand the employees will solve the issue through self-direction and events will follow their own natural course.
  - Semco believes in transparency in all matters. Semco shares all accounting information with employees, down to the last details.
  - Semco managers believe in giving up control, communism, dumping military and

boarding school mentalities. During the finals of the football world cup on June 30, 2002, Semco required 1000 for checking inventory at Carrefour. Though Brazil won the world cup and the whole of Brazil celebrated, Semco employees went to work in self organized groups, without any manager calling the marching orders.

- Semco experienced downturns as well during the 1990s when Brazilian economy was highly unstable and emergency law was declared. The union of workers themselves decided to shut down one factory, 200 people lost their jobs, it was a collective decision of workers, as continuing further would not have been a wise option. There are various real life examples cited by Ricardo to help us understand life at Semco.

### **The final words**

Ricardo Semler is of the opinion that Business Administration is more of an art than a science. As an art it requires a long series of personal characteristics, specific talents and unlimited intuition (information supports intuition). It is Semler's dream to build a school with the Semco rationale. The Semco rationale which believes in dumping military leadership, communism, boarding school mentality and treating employees as adolescents. The Semco rationale believes in treating employees as self-directed adults, who should further their self interest and in the process take care of the company's interests.

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