AVT BUSINESS SCHOOL

RADICAL PRACTICALITY · PRACTICE 04

The Advice Process

Why the most important decisions shouldn't be made by the most senior people

WHITE PAPER — 25TH ANNIVERSARY PROGRAM

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EXECUTIVE SUMMARY

The Practice That Makes Everyone a Decision Maker

The advice process is one of the most powerful and least understood management practices in the world. Its principle is simple: anyone in the organization can make any decision — provided they first seek advice from everyone who will be meaningfully affected and from anyone with relevant expertise. They do not need permission. They do not need consensus. They need advice, which they are then free to accept or reject. The decision remains theirs.

The practice was pioneered by Dennis Bakke, who used it to build AES Corporation into a Fortune 200 global power company with $8 billion in revenues and 27,000 employees across 27 countries. It has since been adopted by organizations as diverse as Morning Star (the world's largest tomato processor, generating over $1 billion in annual revenue with no managers), Buurtzorg (10,000 nurses, no middle managers), and Equal Experts (a global software consultancy that open-sourced its Advice Process Playbook). Frederic Laloux identified it as the foundational decision-making practice of every successful self-managing organization he studied for *Reinventing Organizations*.

A meta-analysis of 319 studies and 151,134 participants found that decision-making autonomy leads to better job performance, primarily by enhancing work motivation and reducing mental strain. The evidence is not ambiguous. And yet the advice process remains vanishingly rare in conventional organizations. This white paper explains why it works, where it comes from, and how to start using it this week.

CHAPTER 1

The Bottleneck at the Top

In most organizations, decision-making authority follows hierarchy. The more important the decision, the more senior the person who makes it. This seems natural. It is also, according to a growing body of evidence, one of the most significant drags on organizational performance.

The Costs of Centralized Decision Making

Speed. Every decision that must be escalated is a decision that waits. In fast-moving environments, the time it takes for information to travel up the hierarchy, be processed, and return as a directive is often longer than the window of opportunity. By the time the decision arrives, the situation has changed.

Quality. The person at the top of the hierarchy is, by definition, the person furthest from the front line. They have the broadest view but the least granular information. They know the strategy but not the customer who called yesterday. The result is decisions made on abstractions rather than realities — and an organization that systematically underweights the knowledge of the people closest to the work.

Engagement. When employees are not trusted to make decisions, they disengage. The meta-analytic evidence is unambiguous: across 319 studies and over 150,000 participants, decision-making autonomy is one of the strongest predictors of job performance, work motivation, and engagement. Spector's foundational meta-analysis found that perceived control at work is associated with higher satisfaction, commitment, involvement, and performance — and lower turnover, absenteeism, and emotional distress. Every layer of approval you add removes a layer of ownership.

> *As Hamel and Zanini argue in Humanocracy: shrinking the decision-making autonomy of frontline employees is one of the biggest drags on organizational performance. Most organizations pay an enormous hidden tax in unrealized initiative, uncaptured ideas, and unexercised judgment.*

Innovation. Bureaucracies are, in Hamel and Zanini's phrase, "innovation-phobic" by design. When every new idea must survive multiple layers of approval, the ideas that survive are the safe ones — the incremental improvements, the minor variations on what already exists. The bold ideas die in committee. The advice process is designed to reverse this dynamic: it gives anyone the authority to act on a good idea, provided they consult those who will be affected.

CHAPTER 2

How the Advice Process Works

The advice process has two rules and no exceptions.

Rule 1: Before making a decision, the decision maker must seek advice from (a) everyone who will be meaningfully affected by the decision, and (b) anyone with relevant expertise.

Rule 2: The decision maker is free to accept or reject the advice they receive. The decision remains theirs. They are also accountable for the outcome.

That's it. There is no approval chain. There is no committee. There is no veto. The person closest to the issue makes the call — informed by the best available input from those who know and those who care.

The Protocol

STEP	WHAT HAPPENS
1. Notice	Someone identifies a problem, opportunity, or decision that needs to be made. They take ownership of it — or find someone better placed to do so.
2. Consult	The decision maker identifies who will be affected and who has expertise. They seek advice — not permission — from these people. This can be done in person, by email, or in a meeting. The key is that it is genuine consultation, not theater.
3. Decide	Taking the advice into account, the decision maker makes the call. They are not required to follow the advice. They are required to have genuinely considered it.
4. Inform	The decision maker communicates the decision to those who gave advice and to anyone else affected. They explain their reasoning, including why they accepted or rejected specific advice.
5. Own	The decision maker is accountable for the outcome. If the decision works, they earn the respect of their peers. If it doesn't, they own the failure — and the learning.

What the Advice Process Is Not

It is not consensus. The decision maker does not need everyone to agree. It is not democracy. There is no vote. It is not anarchy. The obligation to consult is real and enforceable — skipping the advice step is one of the most serious violations in organizations that use this practice. And it is not abdication by leadership. Leaders still make decisions; they simply do so through the same process as everyone else.

CHAPTER 3

Where It Comes From

Dennis Bakke and AES Corporation

The advice process was formalized by Dennis Bakke, co-founder and CEO of AES Corporation. As a student at Harvard Business School, Bakke made hundreds of decisions using the case-study method and realized two things: decision making is the best way to develop people, and that development should not stop at business school.

At AES, which grew into a Fortune 200 global power company with $8 billion in revenues and 27,000 employees in 27 countries, Bakke institutionalized the advice process as the company's primary decision-making method. As CEO, Bakke tried to limit himself to one significant decision per year. The discipline of restraint sent a powerful signal through the organization: decisions belong to the people closest to the work.

Bakke identified five benefits of the advice process: it creates **community** (drawing people into the question at hand), demands **humility** (asking for advice is an act of humility), enables **learning** (the consultation process itself is educational), produces **better decisions** (more input means fewer blind spots), and generates **fun** (people enjoy work when they have real agency in it).

Morning Star: Self-Management at Scale

Morning Star, the world's largest tomato processor, has operated entirely without managers since its founding by Chris Rufer over forty years ago. The company generates over $1 billion in annual revenue, employs 600 permanent staff (plus 4,000 seasonal workers), and supplies nearly half of the U.S. processed tomato market.

At Morning Star, every employee has a "personal commercial mission" that describes their contribution to the company's success. Employees negotiate "Colleague Letters of Understanding" (CLOUs) — peer-to-peer agreements that define what each person will deliver and what they need in return. If an employee wants to purchase new equipment, they do not ask a manager for permission. They consult colleagues who will be affected, seek advice from those with expertise, and — if the advice supports it — make the purchase themselves.

The company's two founding principles are stark: all interactions should be voluntary, and people should honor their commitments. Everything else follows from those two rules.

> *As Dennis Bakke put it: "As CEO, I tried to limit myself to one significant decision a year. I wasn't always successful, but the discipline of trying made a deep impression throughout the organization."*

Laloux and the Pattern Across Self-Managing Organizations

In *Reinventing Organizations*, Frederic Laloux studied a dozen organizations operating on self-management principles — including Buurtzorg, Morning Star, FAVI (a French automotive supplier), and Heiligenfeld (a German chain of mental health clinics). He found that the advice process, in some form, was present in every one of them. It was, he concluded, the foundational decision-making mechanism that makes self-management possible at scale.

CHAPTER 4

Why It Works Where Hierarchy Doesn't

1. It Puts Decisions Where the Information Is

The central insight of the advice process is that the person closest to a problem usually has the best information about it. Hierarchy moves decisions away from information. The advice process keeps them together. The result is faster, better-informed decisions — and fewer of the distortions that occur when information passes through multiple layers of interpretation before reaching the decision maker.

2. It Develops People

Bakke's foundational insight from Harvard Business School was that decision making is the most powerful developmental tool available. Every time someone makes a real decision with real consequences, they learn — about the business, about their colleagues, about their own judgment. Organizations that centralize decisions at the top systematically deprive their people of this learning. The advice process turns every decision into a development opportunity.

3. It Creates Ownership Without Control

The perennial problem of management is how to make people care about outcomes without micromanaging them. The advice process solves this by making ownership structural: if you made the decision, you own the result. There is no committee to hide behind. There is no manager who approved it. The accountability is clear, direct, and personal — and it creates a level of commitment that no amount of cascaded KPIs can replicate.

4. It Is Faster Than You Think

The most common objection to the advice process is that consulting people takes too long. In practice, the opposite is true. Traditional decision making involves preparing a business case, scheduling a meeting with the decision maker, waiting for the decision maker's availability, presenting the case, receiving feedback, revising, resubmitting, and waiting again. The advice process skips all of this. You identify the people who matter, talk to them directly, and decide. Most advice-process decisions take days, not weeks.

CHAPTER 5

The Mistakes That Undermine the Advice Process

Seeking Advice You've Already Decided to Ignore

The fastest way to destroy the advice process is to treat it as a formality — consulting people after you've already made up your mind, or consulting only people you know will agree. When people realize their input is theater, they stop giving honest advice and the process loses its value. The consultation must be genuine.

Confusing Advice with Approval

The advice process is not a committee vote. The decision maker does not need everyone to agree. If they sought advice genuinely and considered it seriously, they have fulfilled their obligation — even if they ultimately rejected every piece of advice they received. The obligation is to consult, not to comply.

Skipping the Consultation for Urgent Decisions

In a crisis, the temptation is to bypass the advice process and just decide. Sometimes this is necessary. But organizations that routinely invoke urgency as a reason to skip consultation quickly find that everything becomes urgent — and the advice process dies by a thousand exceptions. The discipline is to use the process even when it's inconvenient, and to keep the consultation proportional to the stakes.

Failing to Close the Loop

When someone gives you advice and never hears what you decided or why, they feel disrespected — and they stop contributing next time. The "inform" step is not optional. It is the mechanism that builds trust, maintains relationships, and ensures the process improves over time.

Not Holding People Accountable for Outcomes

The advice process gives people freedom to decide. That freedom is sustainable only if it comes with genuine accountability for results. At Morning Star, the peer-based accountability system — Colleague Letters of Understanding, direct feedback, and the Gaining Agreement conflict resolution process — ensures that freedom and responsibility are inseparable. Without accountability, the advice process becomes a license for recklessness.

CHAPTER 6

A Practical Guide to Starting

Week 1: Identify One Decision to De-Escalate

Look at the decisions your team is currently escalating to you (or to your manager). Choose one that the person closest to the issue could reasonably make themselves — with the right input. Instead of making the call yourself, say: "This is your decision. Before you make it, consult [the two or three people most affected]. Listen to their advice. Then decide." Document what happens.

Week 2: Make the Process Explicit

Share the advice process framework with your team. Explain the two rules: consult those affected and those with expertise; the decision remains yours. Name it. When people have a label for the practice, they use it more consistently and hold each other accountable to it.

Month 1: Expand the Range of Decisions

Gradually widen the scope. Let team members use the advice process for budget decisions, hiring recommendations, process changes, and customer commitments. Each new domain feels uncomfortable at first and becomes natural quickly. The key is to resist the urge to override — once you've delegated the decision through the advice process, honor the outcome.

Month 2–3: Build the Accountability Loop

The advice process requires a paired accountability mechanism. This can be as simple as a monthly team review where recent advice-process decisions are discussed: What was decided? Who was consulted? What happened? What did we learn? This review is not punitive — it is the organizational learning engine that makes the advice process sustainable.

Quarter 2: Assess and Extend

After 90 days, assess: Are decisions being made faster? Are the people closest to the work making better-informed calls than the hierarchy was? Are people consulting genuinely, or treating it as a formality? The answers will tell you whether to expand the practice further — and where the process needs reinforcement.

CHAPTER 7

The AVT Challenge

The advice process is Radical Practicality at its most structurally transformative. It does not require a reorganization, a new technology platform, or a consulting engagement. It requires one thing: the willingness to trust that the person closest to a decision, armed with the right input, will make a better call than the person at the top of the hierarchy.

The evidence supports this trust. The meta-analytic data is clear: autonomy improves performance. The case studies are compelling: Morning Star, AES, Buurtzorg, and dozens of other organizations have demonstrated that the advice process works at scale, across industries, with both knowledge workers and factory-floor employees. The orthodoxy it challenges — that important decisions should be made by senior people — is among the most deeply held in business. It is also among the least examined.

Our challenge to every AVT member:

1. Identify one decision you would normally escalate. Instead of making the call yourself or pushing it upward, delegate it to the person closest to the issue — with the instruction to consult those affected before deciding.
2. Make the two rules explicit: seek advice from those affected and those with expertise. The decision is yours. So is the outcome.
3. Close the loop: communicate what you decided and why to everyone who gave advice.
4. After 30 days, ask: Was the decision better or worse than it would have been under the old process? Was it faster? Did the decision maker grow?
5. Share one observation with the AVT community.

Dennis Bakke built a Fortune 200 company on this practice. Chris Rufer built a billion-dollar company with no managers on it. You can try it with one decision, in one meeting, this week. The advice process costs nothing, requires no training, and might be the most important shift you make in how your organization works.

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This white paper is part of AVT's 25th Anniversary Program: 25 Practices Nobody Uses (But Should). The advice process is Practice 04 because it addresses the structural bottleneck at the heart of every traditional organization: the assumption that important decisions belong at the top. They don't. They belong with the people who have the best information, the greatest stake, and the willingness to own the outcome.