Decentralized Autonomous Organizations (DAO)

[http://www.DAOResources.com/]

You may have not heard of the abbreviation DAO, but it is a term that should keep popping up with more frequency during the blockchain boom. It stands for decentralized autonomous organizations. As companies are betting on and adopting blockchain, many believing that blockchain is the future, DAO could start playing an even bigger role.

Almost any businessperson on board with blockchain will promote the value of decentralization. DAOs fit the mold, as they are devoid of any overarching authoritative figure and are instead bound together by blockchain's smart contracts, thus creating a democratic foundation for transparency and collaboration.

Here are a few ways in which DAOs can improve business operations across any vertical or industry:

1. DAOs set steadfast rules.

Through incorruptible contracts that are accessible to all individuals involved in an organization, DAOs establish a series of rules and contracts, effectively acting as the C-level of a corporation who would typically be in charge of defining company rules. In theory, DAOs could provide the framework in which a company is *truly* devoid of any type of hierarchy exists.

2. DAOs represent the entire organization.

Within many organizations, the power goes to the individuals with the highest ownership; this is true even across crypto-fueled landscapes where those with the most tokens can hold more weight and have a more prominent voice in decisions. DAOs; however, intend to offer a decision-making framework that is non-corruptible. By implementing a governance framework, DAOs can effectively represent the common interest of everyone involved in the project or community.

3. DAOs encourage widespread engagement.

When there is no pyramid pinning a certain individual to the bottom and others to the top, it gives people the chance to freely collaborate and voice their ideas without fear of "crossing boundaries."

Typically, even when a company touts itself as "flat," most of the employees understand that there is still a divide separating them from the founder and his or her advisors. When power divides are present, they can actually suppress engagement and collaboration. Individuals may not feel incentivized enough to speak up and spearhead a new approach to a challenge. With a DAO system in place companies may feel enabled to operate without set leadership and everyone has a stake.

4. DAOs may prompt productivity

Any organization interested in instilling a widespread decentralized approach should be prepared for the workload that may come along with introducing this type of philosophy. In an organization that is decentralized, but not necessarily autonomous, governance of some kind is still needed.

With DAOs; however, the governing model is automatically executed, which means that individuals involved in the organization don't have to waste their time ensuring that every other player is fulfilling his or her role and abiding by the rules. Rather, the smart contracts do the heavy lifting.

5. DAOs eliminate chain of command

Typically, ideas and projects have to move up and gain approval across several levels before they are put into motion. During this process, many ideas are diluted as they traverse up the chain and fall under the scrutiny of individuals with more to lose if the idea winds up being a flop.

Within a decentralized structure, there is no chain of command; ideas don't get watered down and messages may not get lost in translation as they are shuffled from one stamp of approval to the next.

Yet, a downfall of DAOs is that there is no promise of participation.

The benefits of launching a DAO-based organization are powerful. But bridging the gap between theory and reality is not always easy. Ensuring the ongoing and timely participation of all participants and stakeholders in a DAO landscape is not possible. However, DAO's don't have to be a one-size-fits all system.

One example of an organization committed to developing a foundational solution in which DAOs can launch and thrive is DAOstack. Their technology offers building blocks for governance systems that can scale up infinitely so that good decisions can be made in a short amount of time. There are certainly competitors out there trying to harness the power of DAO and bring it to businesses to they can reap rewards from same.