On-chain Governance Model

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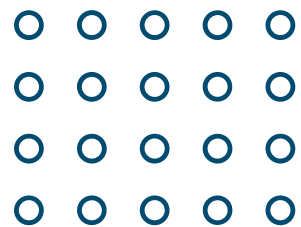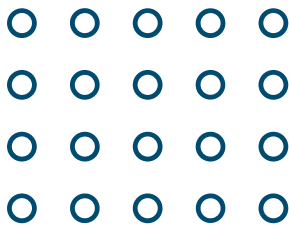
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Overview

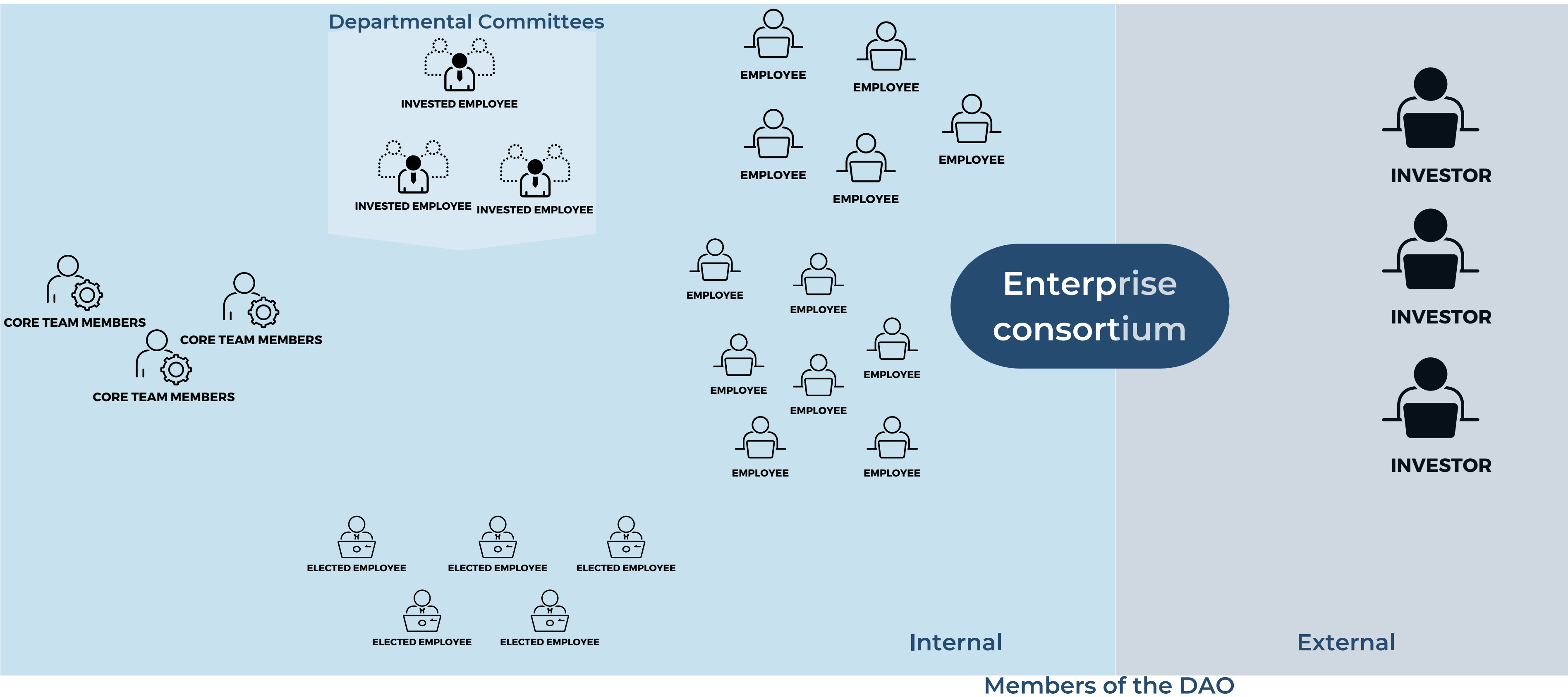The following on-chain governance model is based on the participation of internal and external stakeholders of the enterprise. The enterprise consortium will have one DAO, sub-DAO for each organization can be formed at a later stage.

Changes to the enterprise, the DAO, or any contractual agreements with the DAO can be confirmed by a vote. For efficiency, certain vote levels are carried off-chain, but all of the most important votes are recorded on-chain.

Each member can earn more if they actively participate. Employees of the company will receive higher incentives the longer they work in the company. Investors also received more incentives the longer they hold the native token. As a result, this structure should retain members longer.

DAO Structure

Departmental Committees

INVESTED EMPLOYEE

INVESTED EMPLOYEE   INVESTED EMPLOYEE

EMPLOYEE   EMPLOYEE

EMPLOYEE   EMPLOYEE

EMPLOYEE

CORE TEAM MEMBERS

CORE TEAM MEMBERS

CORE TEAM MEMBERS

EMPLOYEE   EMPLOYEE

EMPLOYEE   EMPLOYEE

EMPLOYEE   EMPLOYEE

EMPLOYEE   EMPLOYEE

Enterprise consortium

INVESTOR

INVESTOR

INVESTOR

ELECTED EMPLOYEE   ELECTED EMPLOYEE   ELECTED EMPLOYEE

ELECTED EMPLOYEE   ELECTED EMPLOYEE

Internal

External

Members of the DAO

VISION OF THE DAO

Empowering members for long term engagement and scalability

MISSION OF THE DAO

1 **Growth**

Increasing the organization's net worth with external activities

2 **Engagement**

Improving participation rate starting within the organization

3 **Cooperation**

Promoting internal and external cooperation

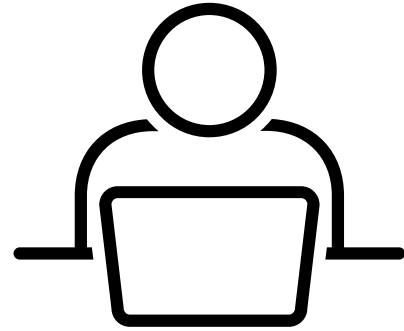**4** **Improvement**

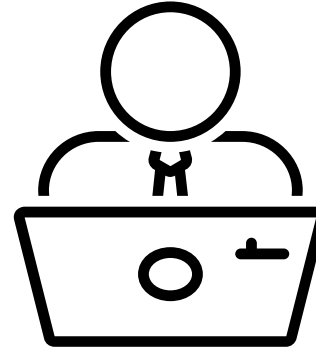Collecting feedback from all members to be evaluated and to implement changes
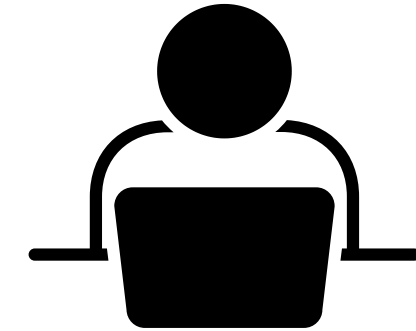
Role and Responsibilities
Participation rights

EMPLOYEE

- Have a voting right for proposals
- Can support Elected employee qualification
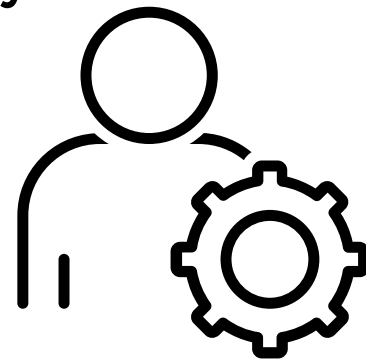- Can support Invested Employee nomination

ELECTED EMPLOYEE

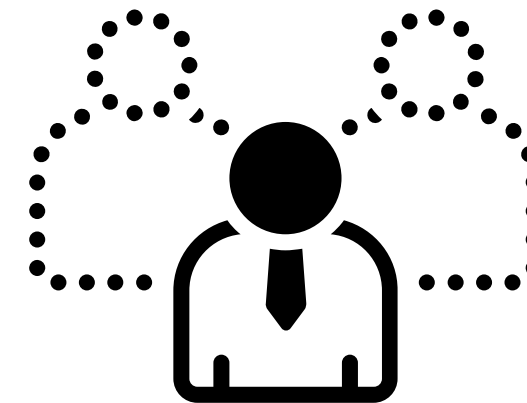- Have the same rights as an employee
- Can submit proposal

INVESTOR

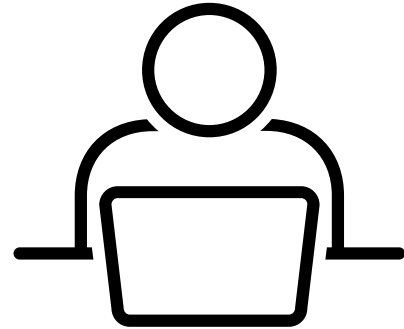- Have a voting right

CORE TEAM MEMBERS

- Have a voting right

INVESTED EMPLOYEE

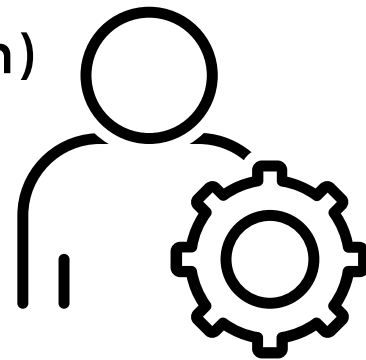- Have the same rights as an elected employee
- Can vote in department committees
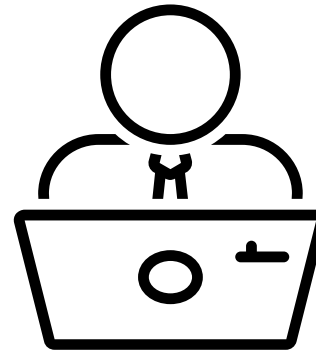
Role and Responsibilities
Token distribution

EMPLOYEE

- Native token granted on a monthly basis (fixed amount according to salary scale)
- LP Employee token (delivered after one year in the organization)

ELECTED EMPLOYEE

- Native token granted (20% higher than employee)
- LP Employee token (5% higher than employee)

INVESTOR

- Can only purchase native token

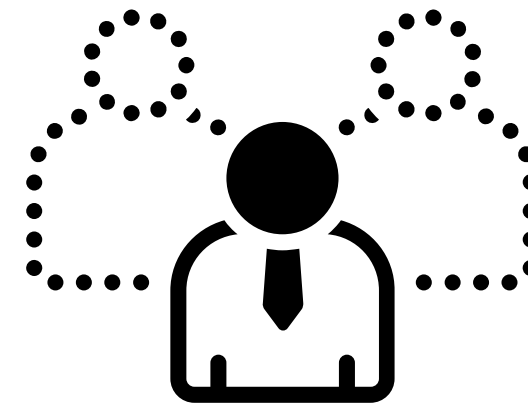**CORE TEAM MEMBERS**

- Native token granted (10% higher than an invested employee)
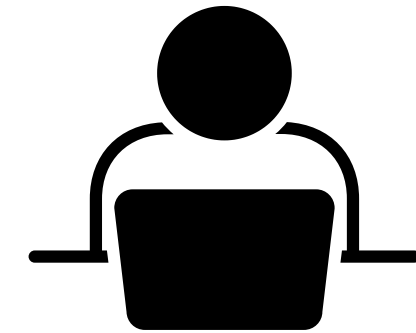- LP Employee token (2% higher than invested employee)

INVESTED EMPLOYEE

- Native token granted (10% higher than an elected employee)
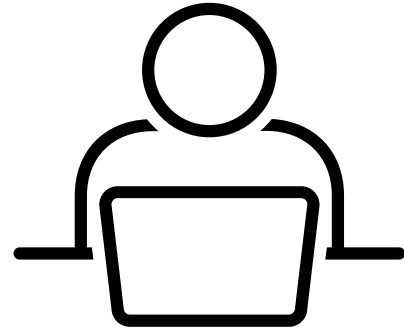- LP Employee token (5% higher than elected employee)

Role and Responsibilities
Responsabilities - Power balance

EMPLOYEE

- Actively participate in the organization's activities (including voting for proposals, supporting elected employee nominations)
- Formally elected invested employees

ELECTED EMPLOYEE

- Actively participate in the organization's activities
- Collecting and analyzing employees request
- Submitting proposal to be vote

INVESTOR

- Actively participate in the organization's activities
- Can request to elected employee to submit a proposal
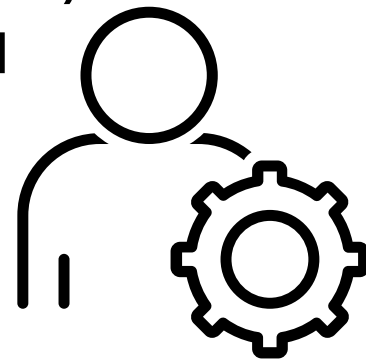
CORE TEAM MEMBERS

- Implement voting result
- Monitor and evaluate proposals

INVESTED EMPLOYEE

- Actively participate in the organization's activities
- Represent employees in departmental committee
- Control implementation of the voting results

Participation

Employee engagement

The DAO encourages participation by incentivizing employee participation.
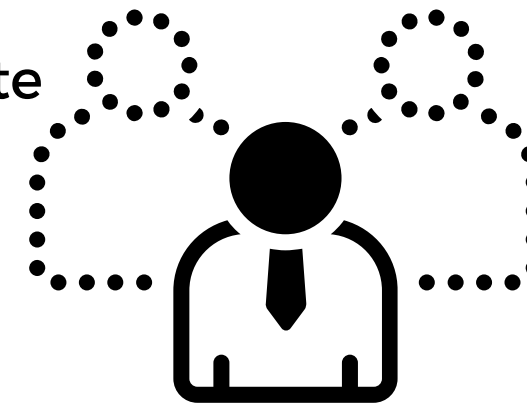An employee can actively participate in proposal submission by becoming an Elected employee.

To become an Elected Employee, an employee must submit their request for nomination and receive 10 supporting votes from any employees. Elected Employees are nominated for one year.

To become an Invested Employee, an employee must submit their request for nomination and receive 50 supporting votes from any employees and 10 votes from Elected Employees. They are elected for a period of 3 months.

The higher the employee participates in the DAO activities, the higher the incentives.

Participation

Changes to the DAO

The DAO encourages its members to provide feedback and improve the DAO and the company.

5 types of proposals can be submitted by elected employees:
- General management (Level 1)
- Treasury management (Level 2)
- Constitution updates (Level 3)
- Coding changes (Level 4)
- Departmental Committees (Level 5)

Level 1 and Level 5 votes are carried off-chain. All of the other Level votes are carried on-chain. If necessary, the core team members will intervene to implement the final vote result.

A proposal must receive at least 70% of favorable votes to pass. A vote session is open for a period of 10 working days. The participation of the vote session should represent at least 40% of the Quorum. If a vote session receives less than this amount, the proposal is automatically dismissed.

Practices

Voting process

Examples of good practices:

- Elected employees must publish an official request for nomination in the DAO public forum. Nominations can be declared invalid by one Core Team Member or 2 Invested Employees or 20 Employees.

Examples of bad practices:

- Proposal cannot be submitted before the informal approval of the employees and the investor. Both employees and investors have access to the public forum. An elected employee should not publish a proposal before the informal approval of some members of the DAO.

Invested Employees

Examples of good practices:

- Invested Employees must publish the minutes of all Departmental committees. Department committees evaluate internal policy applicable to employees. Any suggestion from a Departmental Committee must be published to the DAO forum.

Examples of bad practices:

- Invested Employees should re-conduct their candidacy once their mandate ends. They shall wait for two mandates before re-applying for an Invested Employee position. As invested Employees received more incentives, all employees should have the opportunity to be elected.

Control & Assessment

Delegation

Situation: Members wish to use their vote but do not have sufficient time to review proposals and vote.

Solution: Once the DAO reaches 200 members, any member can decide to delegate their voting rights to any other DAO members. Delegation can be between members of the same group or from a different group.

Vote weight imbalance

Situation: Members might want to hold more tokens to have more weight for the voting session.

Solution: The DAO does not grant votes on the basis of one token = one vote. Instead, votes are calculated on a proportionality basis and are capped to 50 votes per member.

Departmental Commitee

Situation: Members might not want to be involved in all decision-making.

Solution: Departmental Committees are created initially for the following departments:
- Human Ressources
- Operations
- Sales
- Marketing
- Finance

Any decisions affecting only one department can be voted by Invested Employee.

Control & Assessment

Lack of participation

Situation: Members might decide to not participate in votes.

Solution: Every quarter, the DAO can grant/airdrop extra tokens to the member who has participated in 70% of the votes. Elected members are also encouraged to submit elaborate proposals. Elected members can be dismissed if 3 of their proposals have been rejected. This ensures Elected members submit the most important proposal and do proper community reach.

Lack of understanding

Situation: Members might not participate due to a lack of understanding.

Solution: The DAO can provide online courses for the members. If the courses are completed, the members will also receive extra tokens. Members who published clear and helpful resources on the DAO public forum can also be rewarded with tokens.

Control & Assessment

Token Distribution

Situation: Early external members (i.e.: investors) might have way more tokens than internal members (i.e: Core Team)

Solution: DAO should reserve a certain percentage for the Core Team and the employees but also future employees. All internal members of the DAO receive regularly tokens and LP tokens. The tokenomics should be properly defined keeping in mind the scalability.

DAO growth - Multi-Sign

Situation: DAO growing to more than 500 members, and multi-sign might become not secure enough.

Solution: Depending on which blockchain is deployed, if voting/transaction fees are low, voting could switch to a direct on-chain vote, with a reasonable minimum number of signatures.

Control & Assessment

NFT members for early adopter

Every month during the first 2 years of the DAO, Membership NFT will be granted to the top participants of the DAOs. Those NFTs will give free access to different services within or outside the enterprise.

Members can hold or sold those NFTs at any time.

Sub- DAO collaboration

Organizations within the consortium can create sub-DAOs. Those DAO can collaborate with each other on large-scale operations.

Transparency - Privacy

All decisions involving treasury could be public if the DAO is on a public blockchain. To ensure privacy, a hybrid blockchain can be a solution.

Final thoughts

It is preferable to move from a traditional centralized organization to a DAO step by step.

Members should be introduced first to Blockchain technology and the DAO organization. All employees must receive a high incentive to encourage mass adoption within the organization. More members on the DAO give more feedback to the organization and leave room for improvement.

Every two quarters, members should re-evaluate potential roadblocks and suggest alternative solutions.