The Future of Social Coordination of DAO’s

We love DAO’s but they need to be better

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Growth at Astaria
Why the DAO experience sucks - a story about governance, incentives and organisation
My history

- I have worked with over 20 DAOs/projects
- Helped implement UMA’s KPI options with various projects
- Worked on expanding Optimistic Governor Module awareness
- Researched various governance and incentive programs
The DAO timeline

**DAO is created**
Lots of excitement, participation is high, contributions are high

**DAO operates**
Things get hard, a effective talent is increasing getting frustrated and leave,
Medium levels of participation

**DAO explodes**
Left with a few key players, diverging power dynamics, in-fighting, talent has left
Low participation and contributions are extrinsically motivated
The things that don't work

- Community contributions are always going to be suboptimal in monolithitic DAOS
  - Participation is not the same as contribution

- Token rewards and distribution methods are not effective at keeping talent
  - Liquidity mining as an example does NOT create aligned mission goals
  - Airdrop farming
  - Rewards maximising
  - Grants scrapping
The things that do work

- The [Insert name here] Labs foundation that works on a protocol model
  - Highly skilled team
  - Compensated
  - Have both intrinsic and extrinsic motivations

- Small, highly motivated teams working on a particular problem, mainly motivated by **intrinsic value** but can also be **extrinsic**
  - Impact DAOs as an example
  - Community organizations
  - Verifiable credential access to DAOs
Community contributions need to align

Passing out governance access without clearly understand the human dynamics that play out afterwards has clearly not worked.

The SushiSwap example - it was a horse show!
Governance is not easy

- Monolithic governance is also painful
- Context is missing each individual is required to vote
- Attention is a fading asset
- Not all things need a blockchain vote
What are the main lessons here

Bigger is NOT better

The size of the DAO does not translate to better outcomes. In fact, it can even be detrimental.

Uniswap is famously a small team with more volume than Coinbase, a famously large team.

Humans work well in small highly effective teams.
My experience with tools so far
Conditional metric tokens

A conditional payout token based on an external metric

- Powerful primitive
- Has demonstrated community impacts
  - Community compensation
  - Token rewards
  - Outcome based results

The issues with conditional tokens

- Teams (much to my surprise) don’t know their key metrics - crazy!!
- Required a level of mistrust between parties
  - Many DAOs trust their admins
Optimistic Governance

The lazy DAOs choice

- Good for smaller scale honey pots
- Security assumption is predicated on attention, the most valuable asset in a DAO
- Context for understanding what these transactions are is hard
- Untested at scale
Pods/Units/Core

Small team structures that can fit into a larger organization

- Can set up their own governance mechanisms, be it optimistic or not
- Connecting groups of activity in organizations, pods turn DAOs into highly networked, legible organizations.

Your DAO can interface with other DAOs or Units

- DAOs cannot thrive in isolation. Units make your organization consumable by tools, people, or protocols – unlocking endless possibilities to plug and play.
So what does the future look like
Adding the pieces together

Having a DAO experience where small groups of highly contextually aware talent work together to a common goal, controlled by a fair governance structure that is suited for their needs and an incentive model that ensures direct alignment is always going to be greater than any monolithic DAO.

Small Unit > Big DAO
Being clear on participation vs contribution

A participant and a contributor need to be different when it comes to allowing access to a DAO.

Contributor is contextually aware, has the right skills for the task and should be able to verify their abilities.

A participant is keenly vested in the project and wants to see it succeed, but may lack the required skill to push a direction.

Armchair commentary is much easier than doing the work.
Shout out before I say bye to you and we say bye to Colombia

Pinned Tweet
Clayton | UMA | Bogota @TokenArchitect · 2022/10/01
Are you coming to devcon / bogota?

Im seeking old laptops, phones and tablets to send with college freshman who are coming from a high-risk neighborhood in Barranquilla, Colombia.

Would anyone have something like that they can bring along (or send to someone whose going?)
Thank you!

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