

R U L E B O O K

THE RULE BOOK

The Enforceable Ruleset of the Velocity Operating System

One hundred and twenty numbered rules, each with a class, an enforcement point and an exception path. Written to settle arguments, not to start them. Cite by number.

Companion to The Velocity Operating System — Operator's Manual

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F I E L D E D I T I O N — F O R I N T E R N A L D I S T R I B U T I O N

How to Read This Book

This is the adjudicative layer. The Operator's Manual tells you how to do the work. The Culture Guide tells you how to behave while doing it. This book tells you what is and is not permitted, who may vary it, and what happens when it is breached. Every rule is numbered so it can be cited in a meeting, a memo or a ship list. "See 405" is a complete argument.

The three classes

Class	Meaning	Exception path	Amendable
C — COVENANT	Structural. Breach creates ruin risk, corrupts the evidence base, or destroys the enforcement of every other rule. Breach triggers an automatic hold before any discussion occurs.	None. There is no override authority, including the founder's.	Annual Offsite only, in writing, for everyone.
S — STANDARD	The default operating requirement. Deviation is occasionally correct but never casual.	The named authority in the Enforcement column, in writing, logged in the decision journal before the deviation.	Quarterly Strategic Reset.
D — DEFAULT	The way we do it unless the owner has a better reason. Deviation is expected occasionally.	The single-threaded owner, with a journal entry stating why.	The owning forum, any time.

Precedence

- Where two rules conflict, the higher class governs: Covenant beats Standard beats Default.
- Where two rules of the same class conflict, the eight Constitution principles govern, in their stated order of precedence.
- Where a rule and a commercial opportunity conflict, the rule governs until it is amended. The opportunity will still be there after the Reset; the enforcement will not survive a single exception.
- No rule in this book is amended in the meeting it constrains. This rule has no exception (see 107).

OPERATING DOCTRINE

A rulebook is only as strong as its most convenient breach. The first exception granted under pressure teaches the organisation that the ruleset is a negotiating position — and every subsequent enforcement costs a conversation that should have cost nothing. If a rule is genuinely wrong, that is a Reset agenda item, not a room-temperature decision.

Breach and escalation

Step	Action	Owner
1	The breach is named out loud, at the time, by whoever observes it. Naming a breach is never an accusation; not naming one is a conduct issue.	Anyone
2	Covenant breach: the automatic hold takes effect immediately. Nothing in the affected workflow proceeds. The hold precedes the discussion, not the other way round.	Named covenant owner
3	The breach is logged in the decision journal with the rule number, the circumstance and the cost incurred.	Rule owner

Step	Action	Owner
4	Root cause is classified: process defect, tooling gap, unclear authority, or conduct. Only the fourth is a personnel matter.	Owning forum
5	Repeat breaches of the same rule by the same owner appear on the quarterly performance rubric under decision quality.	Manager
6	A rule breached repeatedly across multiple owners is a defective rule, not a defective organisation. It goes to the next Reset for amendment.	CEO

100 — Governance, Authority and Decisions

#	Rule	Class	Enforcement point / exception path
101	Every initiative, metric, gate, workflow and relationship has exactly one accountable name.	C	War Room owner list. No exception.
102	Decision rights are published in writing, with a latency standard against each authority.	C	Published RACI. Unpublished authority is a defect, not a discretion.
103	Consulted lists are capped; adding an approver requires naming the one being displaced.	S	Forum chair.
104	Type 1 decisions require matrix score (where one exists), pre-mortem, red-team memo, base-rate check and a journal entry before signature.	C	CEO signature is invalid without the file.
105	Type 2 decisions are made by the single-threaded owner alone, inside the latency standard.	S	Escalating a Type 2 is logged as a defect against the escalator.
106	Silence from a Consulted party inside the latency window is consent.	S	Forum chair.
107	No rule is amended in the meeting it constrains.	C	Chair. No exception, including the founder.
108	Standards amend at the Quarterly Reset; Covenants amend at the Annual Offsite. Both in writing, for everyone.	C	CEO.
109	Any executive or founder override of a system decision is logged and reviewed at the next Reset.	C	Decision journal.
110	The default answer at every gate is No-Go. The burden of proof sits with continuation.	C	Gate chair.
111	A gate review that produces "we need two more weeks" is a No-Go, not a deferral.	S	Gate chair.
112	Every decision above the materiality threshold carries a predicted outcome with a number and a date.	S	Decision journal at signature.
113	Authority is exercised at the layer that owns it. No forum re-litigates the layer below it.	S	Forum chair.

200 — Cadence and Meetings

#	Rule	Class	Enforcement point / exception path
201	Every forum produces exactly one decision artifact. A forum producing only shared awareness is deleted from the calendar.	C	CEO at the Quarterly Reset calendar audit.
202	One scorecard per forum. Scorecards are never merged.	C	Forum chair.
203	Any agenda item that cannot name its decision output in advance is removed and routed to a dashboard.	S	Forum chair.
204	Ship lists are binary: shipped or not shipped. No percentages, no status colours, no partial credit.	S	War Room chair.
205	Last week's ship list is reviewed aloud before this week's is written.	D	War Room chair.
206	The War Room reviews deltas, not levels. A metric that did not move receives no airtime.	D	War Room chair.
207	A metric that moved without an owner who can explain the mechanism triggers a named investigation due before the next session.	S	War Room chair.
208	Capital allocation is never debated at the huddle. Ship lists are never debated at the MBR.	S	Forum chair.
209	Work in progress is capped at the stated limit; new initiatives enter only by displacing an item on the stop-doing list.	C	Intake gate.
210	New initiatives enter only through the standard intake form.	S	Transformation lead.
211	The Commercial Council runs one play per week. A play below the adoption floor after two weeks is redesigned, not re-announced.	S	Commercial owner.
212	The Morning Protocol runs before the first reactive commitment of the day.	D	Self-enforced; visible in the daily deposit metrics.
213	Time boxes are hard. A forum that regularly overruns is re-scoped at the next Reset, never extended in the moment.	D	Forum chair.
214	Status lives in dashboards maintained by systems and agents. Humans convene only to decide.	S	Forum chair.

300 — Measurement, Reporting and Truth

#	Rule	Class	Enforcement point / exception path
301	Every metric traces through the driver tree to a revenue, margin, opex or cash line in one step, or it is deleted.	C	FP&A lead at scorecard build.
302	One decomposition of the business exists. Every scorecard is a horizontal slice of it.	C	FP&A lead.
303	No Level-1 driver set may contain a residual "other" bucket.	C	FP&A lead.
304	Every Level-2 metric has exactly one owner and one owning forum.	C	Driver-tree register.

#	Rule	Class	Enforcement point / exception path
305	No average is presented without its cohort decomposition.	S	Forum chair may reject the item unheard.
306	Any metric that materially changes when decomposed is managed only in decomposed form.	S	FP&A lead.
307	Metric definitions are single and published. No function adopts a variant definition of a shared metric.	C	FP&A lead.
308	Leading indicators outnumber lagging indicators two to one on every scorecard.	S	FP&A lead at scorecard design.
309	A dashboard on which every tile is green is treated as a defect and re-targeted.	D	Owning forum.
310	Gross figures are never quoted without the net equivalent alongside.	S	Any participant may call it.
311	The 13-week rolling cash forecast is weekly, rolling and non-delegable.	C	CFO or equivalent.
312	A tripwire breach changes the default action before any discussion occurs.	C	Automatic.
313	When two tripwires fire in the same quarter, the standing question is mandatory and the burden of proof shifts to whoever wants to continue.	C	War Room chair.
314	Every published metric carries the signature of its named human owner, including where an agent produced it.	C	FP&A lead.

400 — Capital, Spend and Commercial

#	Rule	Class	Enforcement point / exception path
401	No growth dollar is spent before the bleed has demonstrably slowed.	C	Gate 2 of the installation; thereafter the MBR.
402	Every discretionary commitment above the materiality threshold carries a 60–90 day true-ROI projection net of decay, signed jointly by finance and the business owner.	C	Spend & Promotion Gate.
403	Promotions and spend events are judged on net contribution across the full decay window, never on lift-week performance.	C	Spend & Promotion Gate.
404	Every rejection at the Gate states the condition under which the proposal returns.	S	Gate chair.
405	Distribution, reach or capacity is expanded only after per-unit productivity is proven in the current ring.	C	Scale gate.
406	Expansion proceeds ring by ring. No ring opens until the prior ring's economics are on the scorecard.	C	Growth owner + FP&A.
407	Overlays and incentive programs must clear the stated ROI floor on attributable margin at the day-60 gate, or be redesigned or terminated.	S	CFO delegate.

#	Rule	Class	Enforcement point / exception path
408	Incentive design pays on scorecard metrics, never on gross volume alone.	S	CEO.
409	Every forum that frees cash names the convex destination in the same meeting.	C	Forum chair. A saving without a destination is not booked as a saving.
410	Sunk cost is not an argument. Continuation is a fresh capital-allocation decision priced on forward evidence only.	C	Gate chair.
411	Commitments to partners and the front line are published and then kept. Mid-cycle renegotiation requires the named authority.	C	CEO.
412	No single event, program or campaign may exceed the stated share of the discretionary pool without a Type 1 file.	S	CFO.

500 — Experimentation

#	Rule	Class	Enforcement point / exception path
501	No test launches without a signed pre-registration document.	C	Growth owner.
502	One target metric per test, with guardrails on trust, margin and returns.	C	Growth Review.
503	MDE, sample size and run time are computed before launch. No peeking-driven early stops.	C	Growth owner.
504	Three verdicts exist: kill, iterate, scale. "Keep watching" is not a verdict.	C	Growth Review chair.
505	A test that reached its required sample and missed its gate is killed in the meeting it is reviewed.	C	Growth Review chair.
506	Success criteria are never redefined after data arrive. A miss is a kill or a re-pilot, never a rename.	C	Growth Review chair.
507	Always-on programs maintain a persistent global holdout.	S	Growth owner.
508	Every forecast is compared to the outside view before approval.	S	Gate chair.
509	Kill rate is held at or above the stated floor. A pipeline below it is audited for trivial tests or unenforced gates.	S	Growth owner at the Quarterly Reset.
510	Conviction may fund a pilot. Only measured lift against a control may fund a scale-up.	C	Scale gate.
511	Killed tests are filed in the failure archive with their learning stated specifically enough to be reused.	S	Test owner.
512	All ideas enter one backlog. No side channels and no queue-jumping by seniority.	S	Growth owner.
513	Any test still on the slate after two quarters without a verdict is a management defect and is closed.	S	Growth owner.

600 — People

#	Rule	Class	Enforcement point / exception path
601	Every role has a written outcome scorecard, traced to driver-tree nodes, before sourcing begins.	C	Hiring manager.
602	Interviews are structured: same questions, same order, same anchored rubric, every candidate.	C	Hiring manager.
603	Interviewers score independently and in writing before any group discussion.	C	Process owner.
604	Every finalist completes a paid, time-boxed work sample of the actual job.	S	Hiring manager.
605	A weighted composite below the hire threshold is a no-hire, regardless of enthusiasm in the room.	C	No override authority.
606	Every offer carries a written 90-day plan with pre-registered criteria, agreed before the start date.	C	Hiring manager.
607	Day 90 is a real gate with three verdicts. "Iterate" permits exactly one 60-day recheck.	S	Manager.
608	The keeper test is answered quarterly, in writing, for every direct report.	C	Every manager.
609	Two consecutive "no" cycles is a decision already made. Execution follows within two weeks.	C	Manager; CEO audits.
610	Severance is set above market norm; communication is honest without being punitive.	S	CEO.
611	Every separation is root-caused as a hiring-process defect and fed back into the rubric.	S	Hiring manager.
612	The development floor — written scorecard, honest quarterly feedback, baseline training — is universal.	C	Every manager.
613	Development investment above the floor concentrates on demonstrated compounders.	S	Manager.
614	Nobody is surprised by their own review, number or exit.	C	Manager.
615	Every proposed hire must first fail a documented automation-and-orchestration review.	C	CEO. No requisition opens without the review on file.

700 — Vendors and Technology

#	Rule	Class	Enforcement point / exception path
701	No annual contract precedes a paid pilot with pre-registered success metrics on the driver tree.	C	Function head + finance.
702	Matrix weights are fixed before vendor contact.	C	Process owner.

#	Rule	Class	Enforcement point / exception path
703	Two scorers complete the matrix independently and submit before the evaluation meeting. Two-point divergences are argued, never averaged silently.	S	Process owner.
704	Any single-criterion score of 1 is a veto, regardless of composite.	C	No override authority.
705	Composites in the mitigation band advance only with a written mitigation for every criterion scoring below 3.	S	Function head.
706	Every contract is scored on the cost of leaving before it is scored on price.	C	Finance.
707	Three-year total cost of ownership is modelled before any quote is heard.	S	Finance.
708	A vendor discount deadline is treated as data about the vendor's quarter, not about our decision.	D	Negotiation owner.
709	Reference calls are sourced by us, at our scale and mix, unscripted.	S	Process owner.
710	Buy commodity capability. Orchestrate differentiating workflow. Build only where the asset itself is the moat.	S	CEO.
711	Every vendor above the materiality threshold is re-underwritten annually against its recorded predictions.	S	Function head.
712	No contract is signed with a data-portability or training-use clause that has not been read aloud in the evaluation meeting.	C	Legal / finance.

800 — AI, Agents and Operating Leverage

#	Rule	Class	Enforcement point / exception path
801	Every agent workflow has exactly one named human owner and a written service-level definition before it ships.	C	Function head.
802	Agents draft; humans sign anything that leaves the building, moves money, or touches a real person's live problem.	C	No override authority.
803	Every agent-generated external artifact carries a source manifest, and the signing human verifies every quantitative claim.	C	Signing owner.
804	No single AI vendor or model exceeds the stated single-point-of-failure limit for critical workflows.	C	CTO or equivalent.
805	Agents hold credentials scoped to their service-level definition and nothing more. Every agent action is logged against its owner's name.	C	Security owner.
806	Customer-facing automation is audited on a live sample weekly — not only on escalated cases.	C	Service owner.
807	Each failed automation review carries a one-paragraph postmortem naming the measured limit that forced the hire.	S	Function head.
808	Revenue per FTE and automation coverage are reviewed quarterly on	S	CFO.

#	Rule	Class	Enforcement point / exception path
	the same page as gross margin.		
809	An unowned agent is decommissioned, not reassigned later. Unowned monitoring manufactures false confidence.	S	Function head.
810	AI that generates artifacts without shortening a learning cycle is overproduction waste and is stopped.	S	Owning forum.

900 — Risk, Covenants and Compliance

#	Rule	Class	Enforcement point / exception path
901	Cash runway stays above the stated floor. Breach triggers an automatic hold on all outside-zone deployment.	C	CFO; attested monthly by name.
902	No single customer, channel or counterparty exceeds the concentration limit. The flag level requires a dated diversification plan.	C	CFO; attested monthly.
903	No single position exceeds the stated share of enterprise value.	C	CEO; quarterly audit.
904	All positions are sized within the fractional Kelly cap.	C	CFO; quarterly audit.
905	No bet, hire, vendor or market entry may create ruin risk.	C	No override authority.
906	Zero open severity-1 compliance or quality items. Any open item stops the line in the affected workflow.	C	Compliance owner.
907	A pre-mortem is filed before signature on every material commitment.	C	Gate chair.
908	Every Type 1 decision carries a formally resourced red-team memo, written by someone tasked with defeating it.	S	CEO.
909	Covenants are attested monthly, by name, not by function.	C	Named covenant owners.
910	Covenant limits are amendable only at the Annual Offsite.	C	CEO / Chairman.
911	The annual survivorship stress test models a severe revenue-decline scenario and is completed before capital allocation is set.	S	CFO.

1000 — Conduct and Communication

#	Rule	Class	Enforcement point / exception path
1001	Bad news is escalated within hours, unfiltered, to the named owner and the affected forum.	C	Every operator.
1002	Filtered reporting, late bad news or any compliance event is an auto-escalation on the performance rubric.	C	Manager.
1003	Dissent is voiced in the room. Silence inside the room is consent, and consent carries accountability.	C	Forum chair.
1004	Once a decision is made, re-litigation outside the amendment process	S	Manager.

#	Rule	Class	Enforcement point / exception path
	is a conduct matter, not a difference of opinion.		
1005	Disagreement is weighted by demonstrated track record on the class of question, not by seniority or volume.	S	Forum chair.
1006	No one presents a conclusion they have not attempted to falsify.	S	Forum chair may reject the item unheard.
1007	Directness is addressed to the work. Contempt addressed to the person is a separation matter.	C	Manager; CEO.
1008	Material communication is written before it is verbal.	D	Owning forum.
1009	Kills are announced by the owner and credited as completed work.	S	Growth Review chair.
1010	Feedback goes first and directly to the person it concerns.	S	Manager.
1011	Naming a rule breach is never treated as an accusation. Failing to name one you observed is a conduct issue.	C	Every operator.
1012	Nobody claims credit for an outcome a holdout, a control group or a base rate would have produced anyway.	S	Forum chair.

Rule Ownership Index

The rules you personally enforce, by seat. If your seat appears against a rule, you are the person expected to say the sentence out loud.

Seat	Rules you own
CEO / GM	107–110, 201, 408, 411, 605, 609, 610, 710, 903, 905, 908, 910, 1007
CFO / finance lead	311, 402, 407, 412, 706, 707, 808, 901–904, 909, 911
FP&A lead	301–308, 314, 406, 801 (scorecard agents)
Transformation lead	209, 210, 401, and gate chairing across 110–113
Growth owner	501–513, 406, 1009
Commercial owner	211, 403–405, 411
Function heads	701–712, 801, 804, 807, 809
Every manager	601–615, 1002, 1004, 1010
Every operator	101, 305, 310, 1001, 1003, 1006, 1011, 1012
Forum chairs	202–208, 213, 214, 305, 310, 313, 404, 504–506, 1003, 1005, 1006, 1012

Amendment Log

Every change to this book is recorded here. An unlogged amendment did not happen, and the prior rule remains in force.

Date	Rule	From	To	Forum	Signed

CONSEQUENCE FRAMING

A ruleset without an amendment log decays into folklore within four quarters: people follow the version they were taught, disagreements become unresolvable because both parties are quoting real rules from different vintages, and enforcement quietly becomes optional. The log is not administration. It is what makes the book citable a year from now.

One hundred and twenty rules exist so that the thousand decisions they govern do not each require a meeting. That is the entire trade, and it is a good one.