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Moving towards structureless in an organization as a response to VUCA

Bachelor Thesis II

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Abstract

Organizational structure is a central part of the organization and is being adapted to foster key competencies in order to survive in the VUCA world. All business environments become increasingly dynamic and uncertain. There are many different types of organizational structures with different structureless forms. These forms should give more free-space and autonomy for employees, which help to acquire necessary competencies for the VUCA world. These structureless forms are implemented more often. The research method is qualitative based on interviews, which were conducted with experts from different companies. The results showed that every company has implemented some structureless forms and that all are planning to implement more in order to face the VUCA world. The companies are aware of the VUCA world and understand that competencies such as agility, adaptability, flexibility, and innovation are necessary for them in the future. No matter how hierarchical a company is, each is moving towards structureless forms in order to respond to the VUCA world.

[161 words]

Keywords: organizational structure; business environment; VUCA; competencies; structureless;

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List of Abbreviations

CEO – Chief operating officer

CTO – Chief technology officer

VUCA – Volatile, uncertain, complex, ambiguous

US – United States

9/11 – 11th September 2001

1 Introduction

“Is moving towards structureless organizational forms the right answer for companies in response to the VUCA world?” This question requires an analysis of organizational structure, the VUCA world, competencies to face the VUCA world, structureless organizations, and the correlation between structureless forms and competencies.

An organization’s structure designates the lines of authority and communication (Tse & Olsen, 2016, p. 267) and clarifies the relationship between each unit and position (Ghiselli & Siegel, 1972, p. 617). Companies want to optimize the structure of their organization in order to perform better and to fulfill their vision. These goals are accomplished through organizational structure, which is a division of labor (Mintzberg, 1980, p. 324) and has been a popular research topic for decades. Mintzberg categorized 5 types of organizational structures: The Simple Structure, the Machine Bureaucracy, the Professional Bureaucracy, the Divisionalized Form, and the Adhocracy (Mintzberg, 1980, p. 322). Most organizations fit one or more of these types, which have constituted the predominant professional paradigm. However, new forms are emerging that are hard to fit into the traditional types of organizational structure. These new forms stem from outside influences and environments such as new technologies, social media, and easy access to global markets (Garrow, 2015, pp. 5–6).

The relationship between these new environments, strategy and organizational structure is part of strategic management (Jogaratnam, Tse, & Olsen, 1999, p. 135), where the goal of the company is to adapt its structure to its strategy in order to achieve the highest performance (Jogaratnam & Tse, 2006, p. 454; Martínez-León & Martínez-García, 2011, p. 543). The company defines its strategy and organizational structure to face the current and future challenges of its business environment. Today’s business challenges can be described by the acronym VUCA, which means volatile, uncertain, complex and ambiguous (Bartscht, 2015, p. 253). The VUCA expression was first used in the military but is now a common expression in business research.

Forecasters predict that the next 10 years will be the most turbulent of any lifetime (Johansen & Euchner, 2015, p. 11). The question arises how companies can best prepare for these challenges. As already mentioned, new forms of organizations with new structures are emerging. The structure of many of these are more loose than traditional organizational forms. An increasing amount of companies loosen their structure, sometimes even to the point that a company is structureless. A common example is to eliminate hierarchical levels. There are other forms of structureless as well, for example, creating open office space, establishing project based working and flexible working hours. These rearrangements might

be the start to tackle the challenges of the VUCA world which requires agility, flexibility and creativity (Garrow, 2015, p. 2). These competencies which are more and more important for a company to gain competitive advantage and survive in the future, will be explored later. This paper will examine to what extent a company already implements structureless forms in the organization and if those forms are successful strategies to survive in the VUCA world. Therefore, the research question is if moving towards structureless forms in the organization is the right answer for companies in regard to the VUCA world. In order to answer the research question of the bachelor thesis, this paper will explore organizational structure, the VUCA world, competencies to face the VUCA world, structureless organizations, and the correlation between structureless forms and competencies.

2 Problem Statement and Research Question

In the increasingly volatile, uncertain, complex, and ambiguous world, companies have to prepare to gain competitive advantage and secure long-term sustainability. The right structural alignment to the environment is vital for performance (Powell, 1992, p. 128). An increasingly important part of the strategy is the ability for the company to adapt and to be flexible. The internal competencies of a company appear to be important in order to face the external challenges. These capabilities are created and supported by the structure of the company. For example, there is higher productivity when there is more employee autonomy (Tse & Olsen, 2016, p. 271). Does this suggest that loosening the structure to give more independence to individuals will increase productivity?

Kotter (2014) suggests that this is so and advocates that strict hierarchy is outdated and that a flat hierarchy gives more flexibility (p. 11). In contrast, the literature does not however, cover the concept of structureless forms and if this movement towards these forms could be an answer to actively tackle the VUCA challenges. This raises questions such as what does structureless form mean? What is meant by the movement towards structureless forms? The spectrum of structure ranges from strict large hierarchies to total structureless organizations. A company can find itself anywhere on this spectrum, but the important question is which direction they are moving. The research will examine diverse companies that are differently situated on this spectrum, the reasons to move towards structureless, and why they take these actions. The movement happens through implementation of different structureless forms.

What kind of structure and structureless forms is a successful strategy for companies to be able to survive in the VUCA world? Further, to what degree is it good for companies to implement structureless forms? These questions all lead to and help answer the research question.

3 Aims and Structure

The research question includes the concept of structureless forms that appear in organizations and a movement towards it. To answer the question a theoretical background will be given to understand the context better. The aims will be established in the structure of the paper. First, an overview and development of organizations and their structure will be given. The development should already indicate reasons why companies change their organizational structure. Second, the business environment will be explained and what effect it has on strategy and structure. Third, every company needs key competencies to gain competitive advantage and to achieve high performance in their specific business environment. These key competencies and what influence they have on company structure will be explored. Fourth, the term structureless forms will be explained in detail and concrete examples will be given, which have been found in the literature review. Further, the concept of the movement towards structureless will be explored. Lastly, the conducted research will be analyzed and compared to the theory in order to see similarities or differences and to be able to answer the research question.

In summary, the aims of the bachelor thesis are to establish the concept of structureless forms in organizations, what this means and what this looks like. Further, it will be important to establish concrete vital capabilities for companies for the VUCA world and how these capabilities can be acquired. The result should show if one of the ways to obtain the necessary capabilities is through structureless forms.

A literature review was conducted to provide a theoretical framework. This was done to summarize the current research (Knopf, 2006, p. 127) and to build a foundation for the interview. By “re-viewing” existing literature (Jesson, Matheson, & Lacey, 2011, p. 10) research was not duplicated (Hart, 2001, p. 3). The design for the research performed are semi-structured interviews with employees of different companies in different industries. The employees vary in their position in the company. The results of these interviews will be analyzed and compared to the literature review.

4 Theoretical Framework

4.1 Organizational Structure

4.1.1 The Organization

It is important to understand how the concept of an organization first started and how organizations have developed up to this day. As structure is a vital part of an organization, this too is developing. Understanding this evolution will help predict how organizations can develop in the future and if moving towards structureless will be an important part of this development.

Organizations are created to achieve some sort of a goal or to fulfill a purpose (Puranam, Alexy, & Reitzig, 2014, p. 164). This goal can either be achieved by individuals alone or by a group of people (Robbins, 1987, p. 4) but usually this goal can only be achieved through joint action of individuals instead of individuals working isolated from each other (Puranam et al., 2014, p. 164). These joint actions need to be structured and organized so that the combined effort can have maximum outcome (Robbins, 1987, p. 3). Organizations are decision-making and information processing systems. The structure of these systems is created in order to coordinate the work in organizations. This coordinated work has been the vehicle for the major advances in our history (Laloux, 2014, p. 3).

“An organization is a consciously coordinated social entity” (Robbins, 1987, p. 3). When people come together they can achieve more and be more effective and efficient. Throughout history there were certain events that led people to organize themselves and work in new ways. A crucial phase was the industrial revolution, which dramatically changed the way people were organized and structured. More goods could be produced in a shorter time mainly because of the principle division of labor. This was a key stage in the development of organizations and their structure. The industrial revolution called for a tight structure and a tall hierarchy to maximize efficiency. Another crucial phase started not too many years ago, namely the internet and computer technology era. This also changed the way people were organized and worked together. Innovation is a fundamental developmental factor. Through continuous incremental and novel innovations better products, processes, and organizations can be established.

There are other factors that explain why organizations keep developing. One factor is to be more effective. Effectiveness has been a main motivator for organizations to improve their structure. Robbins (1987) explains, “Organizational effectiveness can be defined as the degree to which an organization attains its short and long-term goals” (p. 51). Goals are

crucial as this is one way of measuring effectiveness and almost all changes in organizational design arise from striving toward the company's goals.

Another factor is the company's strategy, which is highly interconnected with goals and effectiveness. Key elements of strategy are long term goals (Chandler, 1962 (1975 printing), p. 13), and an action plan to achieve those goals. This implies that a strategy is both deliberate through planning and controlling and emerging by the pattern of how a company makes decisions (Mintzberg & Waters, 1985, p. 271).

Another important factor is the specific environment in which the organization operates. A definition of the business environment is the institutions or forces that affect the performance of a company (Churchman, 1968, p. 36). The environment can be very static, where there are not a lot of changes, or it can be very dynamic, where changes are the norm (Robbins, 1987, p. 156). The objective of the company should be to adapt to the environment through, for example, structural changes to increase performance (Jogarathnam & Tse, 2006, p. 454).

Today, organizations still try to match their strategy to their environment to reach higher effectivity. The structure plays a vital role in the fulfilment of the strategy. Does this match between strategy and environment implement more lose structures in the organization today?

4.1.2 Structure

Mintzberg (1979) has described the structure of an organization as "the sum total of the ways in which it divides its labor into distinct tasks and then achieves coordination among them" (p. 2). Robbins (1987) writes that "organizational structure stipulates how tasks are to be allocated, who reports to whom, and the formal coordinating mechanisms and interaction patterns that will be followed" (p. 4). Therefore, the structure tries to find the ideal coordination and communication conditions inside the company (Sakalas & Venskus, 2007, p. 67). However, this is not successful every time. If the structure is poorly designed then there is a lack of coordination and collaboration which is a problem for many companies today (Daft, 2016, p. 87).

Further, the structure of an organization "defines the line of authority and communication, [and] serves to allocate tasks and resources to provide coordination" (Tse & Olsen, 2016, p. 267). Structure also refers to the relationship between the units and connections in an organization (Ghiselli & Siegel, 1972, p. 617).

There are three main components of organizational structure as explained by Robbins (1987, pp.4–5). These components are complexity, formalization and centralization.

Complexity

As processes in a company can be very complex and complicated, it needs to be structured. A major process in an organization is to develop a product and then to produce it and to sell it to the customer. Structure is needed to give orientation and to simplify the tasks.

The structure is formed by the differentiation within the company. Each organization differs in complexity. The higher the differentiation and specialization the more complex the company is and the way that a company handles complexity is through division of labor. For example, there are many tasks that need to be performed in the process of producing a product. Often these tasks require a specific skillset. In order to produce efficiently, there is a division of labor which divides the tasks that incur in an organization to the organizational members (Vera & Crossan, 2004, p. 232). A famous example is the one from Adam Smith and the manufacturing of pins (Soares, 2007, pp. 8–9). This example is one of functional division of labor. If there was only one worker performing all the different tasks in a pin factory which include, drawing out the wire, straightening it, cutting it, pointing it, grinding it and making the head, this worker could only make 20 pins a day or maybe just one. But if the tasks are divided up so that a worker specialized in one specific task then ten workers could make 40,000 pins a day which means that one worker makes 4,000 pins a day. Efficiency is created by reducing the time spent in changing tasks for example switching tools (Robbins, 1987, p. 57). This shows that division of labor works in the sense that a company can be a lot more efficient by producing more goods in the same time.

Another reason why division of labor works is because one person cannot perform all jobs especially if they are highly sophisticated and complex. It is not possible for one person to build a complete car alone. Even if that person possessed all the skills necessary, it would take months to finish. Also, if a highly skilled person would have to do all tasks including simple ones, then this would be a waste of knowledge and skill (Robbins, 1987, p. 57).

Additionally, the degree of complexity is often reflected in the layers of hierarchy (Wei Wu, Hao, Kasper, & Muehlbacher, 2012, p. 38). The principle behind this pattern is that the higher the degree of complexity, the more layers of management. One reason for this is simply because one person cannot comprehend all complexity in a company. As a result of a high degree of hierarchy, communication is distorted, and it is more difficult to oversee the actions of all workers. This introduces a familiar term “span of control”, which is the number of subordinates that report to one manager. The smaller the span, the taller the organization (Robbins, 1987, p. 59).

Another aspect of complexity is “that the larger the number of different occupations within an organization that require specialization knowledge and skills, the more complex that organization is” (Robbins, 1987, p. 56).

Formalization

Formalization is “the degree to which an organization relies on rules and procedures to direct the behavior of employees” (Robbins, 1987, p. 5). The degree of formalization varies between companies. Not only large organizations can have a lot of rules and procedures but also small ones. The higher the degree of formalization, the tighter the structure and the less freedom, autonomy and authority to act an employee has. High formalization strongly appears in the army and in sports, where there is one person that coordinates all the soldiers and players respectively. In many organizations there are formal authority positions which are often known as top management, middle management and line management (Laloux, 2014, p. xvii). Structure defines the formal power and authority (Nahm, Vonderembse, & Koufteros, 2003, p. 283). The idea of authority is to create effectiveness and efficiency in an organization because those having authority often have the expertise of the how the work should be done efficiently. Formalization was strongly emphasized by Frederic Taylor (1911 (printed 1919)) stating that there is one best way of doing work in organizations and that the employees need to be supervised in order to prevent wasting resources (p. 25). In stable environments, formalization should be high because there is minimal need for fast changes. Also, with stable environments, organizations can standardize their activities which creates economies of scale (Robbins, 1987, p. 171). In contrast, it can be argued in unstable environments, formalization should be low. Depending on the environment, formalization is either high or low. The environment for all industries today seems increasingly unstable. This would result of lower formalization which means fewer rules and procedures and therefore, more structureless forms.

Centralization

Centralization and formalization are connected in that rules and procedures give or take away the authority to act. Centralization defines the degree of decision making authority (Robbins, 1987, p. 5). Companies vary in the degree of centralization. If centralization is high, then top management makes all the decisions. This can be good if an organization performs very routine tasks as it helps to increase efficiency. In organizations where there are a lot of changes, for example, the need to continuously innovate, then centralization should be low. An important aspect of centralization is the flow of communication.

Communication is very important in order to transfer the organizational goals from the top to the bottom and to receive feedback from the bottom to the top of the hierarchy. Centralization specifies the formal communication flow between employees and organizational units, especially to make the company more efficient (Martínez-León & Martínez-García, 2011, p. 543).

If the complexity for a company increases, they can decentralize the company. This helps to delegate decisions to other people so that when the capacity for one person to make decisions is exceeded they can share the load. Another reason for decentralization is if they have to respond quickly to changing conditions, which would then make it possible to act speedily as the decision process does not have to go through the hierarchy. Those closest to the problem can make the decisions. For example, marketing is often decentralized because decisions take place locally that are customized to the local customers. Decentralization in a way means less structure and appears more and more in organizations. The effect of decentralization is often increased engagement and motivation. This is especially true for professionals and skilled employees. (Robbins, 1987, p. 77)

Finally, Mintzberg provided the basic parts of an organizational structure. There are five basic parts, which can be seen in Figure 1. These will be explained briefly. (Mintzberg, 1983, pp. 12–16)

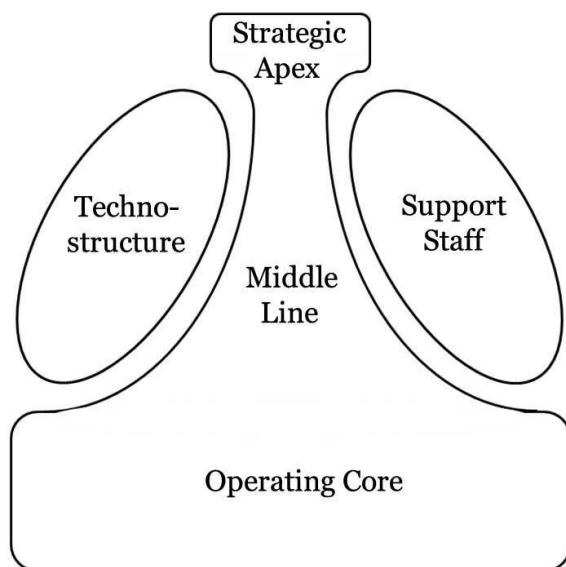


Figure 1 Basic Parts of an Organizational Structure (Adopted from Mintzberg, 1983, p. 11)

The operating core consists of those employees that perform the basic work, for example producing the product.

The strategic apex are the top managers that have total responsibility and decision power. This part of the organization ensures that the organization fulfills its mission effectively. As the name implies, this is where the strategy is developed and directed.

The middle line is the connection between the strategic apex and the operating core. These are the middle and line managers that receive formal authority.

The technostructure are those people that analyze the workflows in the organization and who set forms of standardization. This part does not produce products but seeks to make the operating workflow more efficient.

The support staff is that area that supports any other process other than the operating workflow, for example accounting, cleaning service, etc.

There are a lot more factors that are related to organizational structure. However, the topics provided thus far should be sufficient to understand what a structure is, its purpose and its key elements. This will help in understanding structureless forms in contrast to more traditional organization as structures are continuously developing.

4.1.3 Development of Organizations

Throughout the history of organizations, leaders have continually tried to adapt the structure of organizations. A main motivator for these efforts was mainly to increase profits through better performance (Venkatraman and Prescott, 1990, p. 1). This is a main reason why organizational structures continued to evolve but there are also other reasons that influenced the development of organizations.

The organization and therefore the organizational structure changed over time because of changing worldviews (Laloux, 2014, p. 15). Laloux (2014) provided a good overview of the different stages throughout the history of organizational models (p. 36):

	Current examples	Key breakthroughs	Guiding metaphor
RED organizations (Impulsive)			
Constant exercise of power by chief to keep troops in line. Fear is the glue of the organization. Highly reactive, short-term focus. Thrives in chaotic environments.	<ul style="list-style-type: none"> • Mafia • Street gangs • Tribal militias 	<ul style="list-style-type: none"> • Division of labor • Command authority 	<ul style="list-style-type: none"> • Wolf pack
<hr/>			
AMBER organizations (Conformist)			
Highly formal roles within a hierarchical pyramid. Top-down command and control (what and how). Stability valued above all through rigorous processes. Future is repetition of the past.	<ul style="list-style-type: none"> • Catholic Church • Military • Most government agencies • Public school systems 	<ul style="list-style-type: none"> • Formal roles <i>(stable and scalable hierarchies)</i> • Processes <i>(long-term perspectives)</i> 	<ul style="list-style-type: none"> • Army
<hr/>			
ORANGE organizations (Achievement)			
Goal is to beat competition; achieve profit and growth. Innovation is the key to staying ahead. Management by objectives (command and control on what; freedom on the how).	<ul style="list-style-type: none"> • Multinational companies • Charter schools 	<ul style="list-style-type: none"> • Innovation • Accountability • Meritocracy 	<ul style="list-style-type: none"> • Machine
<hr/>			
GREEN organizations (Pluralistic)			
Within the classic pyramid structure, focus on culture and empowerment to achieve extraordinary employee motivation.	<ul style="list-style-type: none"> • Culture driven organizations (e.g., Southwest Airlines, Ben & Jerry's, ...) 	<ul style="list-style-type: none"> • Empowerment • Values-driven culture • Stakeholder model 	<ul style="list-style-type: none"> • Family
<hr/>			
TEAL organizations (Evolutionary)			
Purpose is the guiding principle for organizational decision making. Striving for wholeness and community.	<ul style="list-style-type: none"> * Evolutionary organizations (FAVI, RHD, Buurtzorg, ...) 	<ul style="list-style-type: none"> * Self Management * Striving for wholeness * Evolutionary purpose 	<ul style="list-style-type: none"> * Living organism

Figure 2 Organizational Development (Adopted from Laloux, 2014, p. 73)

This overview explains the development in society and this is reflected in the different organizational models. All these stages are still found in today's organizations. The image gives examples where a particular stage and type of organization still exists.

If one wants to analyze an organization to place it into one of these types, then he will find that it is not a 100% match. What needs to be looked at are the system and the culture and not the people. A view on the structure, practices and culture do give a good picture of what type of organization it is. This does not mean that every action and decision is typical for that type. (Laloux, 2014, p. 40)

The table indicates that through the different stages, more structureless forms are implemented. The final organizational model is the teal organization, which could be considered the ideal of structureless forms. This organization corresponds with Maslow's self-actualizing level. This is the highest level in the hierarchy of needs for humans (Maslow, 1943, p. 394). It is about empowering and enabling people, which allows the organizations to become living organisms that adapt and change to the environment. There are a few companies that are based on the teal organization type, for example FAVI or Buurtzorg. (Laloux, 2014, pp. 43–44)

The move from red organizations to amber, orange and green has to do with how well an individual performs under certain circumstances. Taking this overview, a pattern can be detected that the evolution of structures includes the increasing acknowledgement of a person as a human being with individual needs. A person is more committed and performs better when motivation is high (Barker, 1993, p. 414).

Acknowledging the needs of the individual changes the strategy which then requires a change in structure (Sakalas & Venskus, 2007, p. 68). Strategic management concerns itself with the aligning of environment with the structure of the organization to maintain competitive advantage (Fiol & Lyles, 1985, p. 804). The alignment between strategy, the environment and other factors such as structure has a significant positive effect on the performance of the company (Venkatraman & Prescott, 1990, p. 1).

The business environment is a critical factor why organizations and their structures keep developing. Often the structure reflects in which environment the organization operates (Robbins, 1987, p. 159). In more stable environments, the structure is more mechanistic. In more dynamic environments, the structure is more organic. There is a trend for organizations today to be more innovative in response to the fast-changing environment (Martínez-León & Martínez-García, 2011, p. 545). The term learning organization is increasingly emphasized because the competency to learn and apply the learning inside the organization is vitally important. It has never been as complex and rapidly changing as today.

Kotter states that an organization goes through a life cycle (Kotter, 2014, p. 5). This can be compared to the learning curve. The longer a company exists the more productive it becomes. As the organization changes, the structure changes as well.

This pattern shows the natural development of an organization over time with the existing knowledge and experience. It seems to be more reactive than proactive. This is the system that is known best. Old organizational views see the development of the structure into a strict hierarchy with division of labor and control as normal. Today, there are examples of companies that do not form into a huge hierarchical company as they become bigger and bigger but go into a new direction.

4.1.4 Types of Organizational structure

There is no “best” structure for all organizations because each organization is set up in a different way and operates in different environments (Miller, 1991, p. 48).

Literature shows many types of organizational structures. The following overview gives an idea how different structures were formed and changed over time. For example, Mintzberg writes about five different types of structures (Kokemuller, 2017) which are the Simple Structure, the Machine Bureaucracy, Professional Bureaucracy, Divisionalized Form, and Adhocracy or Innovative Structure. Each of these differ in the basic parts, ways of coordination, design, and structures (Mintzberg, 1979, p. 301).

<i>Structural Configuration</i>	<i>Prime Coordinating Mechanism</i>	<i>Key Part of Organization</i>	<i>Type of Decentralization</i>
Simple Structure	Direct supervision	Strategic apex	Vertical and horizontal centralization
Machine Bureaucracy	Standardization of work processes	Technostructure	Limited horizontal decentralization
Professional Bureaucracy	Standardization of skills	Operating core	Vertical and horizontal decentralization
Divisionalized Form	Standardization of outputs	Middle line	Limited vertical decentralization
Adhocracy	Mutual adjustment	Support staff ⁴	Selective decentralization

Figure 3 Types of Organizational Structures (Adopted from Mintzberg, 1979, p. 301)

When an organization is structured like the simple structure it is often young, small, dynamic, and literally simple. Usually the organization is small enough or the processes are so simple that the CEO can keep an overview of what is taking place and therefore he makes all the decisions. Therefore, direct supervision is dominant in this type of structure. Further, there

are minimal procedures and formal devices. The environment is also simple and dynamic. Because it is in a dynamic environment, the organization is organic. (Mintzberg, 1979, pp. 305–308) Examples of such structures would be “an automobile dealership with a flamboyant owner, a brand-new government department, a middle-sized retail store, [or] a corporation run by an aggressive entrepreneur” (Mintzberg, 1979, p. 305).

The Machine Bureaucracy Structure is very formalized, vertical and horizontal specialized, power is vertical centralized (Mintzberg, 1980, p. 322) and has large operating unit sizes. This type is old and is found in large factories with mass production. The environment is stable and predictable (Jogaratham & Tse, 2006, p. 455). There are a lot of rules, regulations, and high formalized procedures due to the fact that tasks are routine and competitive. This explains the centralized decisions. (Mintzberg, 1979, p. 314)

The Professional Bureaucracy is at the same time standardized and decentralized. Standardized in the work output and skills but decentralized where every worker can control their work autonomously. The workers are seen as knowledge workers (MindTools, 2016). Examples of this type of structure are hospitals, school systems and universities. The environment is stable and complex, where workers have to go through extensive training and education. (Mintzberg, 1979, p. 348)

The Divisionalized Form is similar to the Professional Bureaucracy only that the specialists are not the workers but that divisions are specialized. For example, a hospital group with different specialized hospitals. Administration is centralized but the divisions act mostly for themselves. Most of the Fortune 500, America’s largest corporations, are organized with the divisionalized structure. A company with this structure operates in diversified markets and is usually large. (Mintzberg, 1979, pp. 380–381) The environment is similar to the Machine Bureaucracy, meaning not complex and dynamic. The outputs are standardized. (Mintzberg, 1979, p. 399)

Finally, the Adhocracy. This type of structure is found in complex and dynamic environments. Further, it is young and often automated and technically sophisticated. The structure is rather organic (Robbins, 1987, p. 170), which means it is a living organism that changes due to the circumstances and therefore has a very low formalization of behavior. It is different than the Machine and Professional Bureaucracies which are performance structures, that do not try to invent new programs rather they want to perfect them. Adhocracies are laid out to innovate complex products. Mutual adjustment is central to this kind of structure. Innovation is the center of the activities. For innovation to take place, standardization and formalization need to be limited.

These five structures give an overview of the kind of structure an organization can have. A company is not 100% one type. It may have more than one type appear in a smaller or larger form. Today, although there are still a lot of Machine structures, companies have more and more forms of the Adhocracy meaning that there is less formal structure.

Additionally, there are other classifications to describe the types of organizational structures. For example, there is a differentiation between mechanistic and organic structures. Similar to the Machine Bureaucracy Structure a mechanistic structure is characterized by high complexity, formalization and centralization. The environment is stable and predictable and therefore the tasks are very routine. There is low autonomy of workers. Organic structures are similar to Adhocracies. They are very flexible and adaptable to the environment. Rather than concrete job descriptions there are loosely defined responsibilities, which requires high autonomy. Communication is for exchanging information rather than giving commands. Knowledge, and not authority, is the influence driver. (Robbins, 1987, p. 153)

Further, Kotter (2014) describes that there is one type that contains both a rather mechanistic structure and an organic structure combined. Mechanistic to take advantage of efficiency in production and organic to be able to increase innovation and adaptability. (p. 20)

Lastly, Holacracy is a new type of organization which was created by Brian Robertson in 2007. Holacracy is unlike to the traditional companies. One of the differences lies in the job description. There are only roles that are defined around the work and not the people. The people are given full authority and autonomy for their roles to make the necessary decisions. The structure is updated regularly through new roles which every employee can propose. Every person in the organization, including the CEO, is bound to the same rules which are visible to all. (Holacracy, 2018)

4.2 VUCA

The business environment influences how organizations act and are structured (Jogaratnam et al., 1999, p. 118). For 20 years there have been authors writing and researching about the increasing acceleration of businesses and the ability to be much faster and more agile (Kotter, 2014, p. 16).

Today we live in a VUCA world (Bennett & Lemoine, 2014, p. 311). VUCA is an acronym for the business environment which means Volatile, [Uncertain], Complex and Ambiguous (Johansen & Euchner, 2015, p. 10). The expression was first used in the military and then later adapted by authors and business leaders (Whiteman, 1998, p. 15). The reason why this acronym is fitting is because it describes different aspects of the business environment.

First, volatility means that a situation is unstable or unpredictable. The situation does not have to be complex or have a lack of information though. The best definition of volatility is unstable and random change. (Bennett & Lemoine, 2014, p. 313)

Second, uncertainty exists when there is a lack of knowledge if a certain event will have a big enough impact. An example for uncertainty is the fight against terrorism. The cause of terrorism is understood, but not the “when” and “how” of terror attacks. (Bennett & Lemoine, 2014, p. 314)

Third, complexity has many interconnected parts that influence each other. The challenge is to collect, digest, process, and comprehend the huge amount of information. (Bennett & Lemoine, 2014, p. 315)

Fourth, ambiguity exists when an organization faces a new cause and effect ground where there is almost no information yet. Often technology is the cause for ambiguity. For example, the switch from written press to digital press was an ambiguous situation, or the introduction of the iPhone. (Bennett & Lemoine, 2014, p. 316)

Each of these different aspects of the environment can be resolved through certain measures. It is easier for companies to handle one or two of these aspects. However, the challenge is to tackle all four of them at the same time. Additionally, the pace of the business world is increasing. Information that was relevant yesterday could be outdated tomorrow, this means that information is quickly incomplete (Garrow, 2015, p. 1). A forecaster explained that there were VUCA times in the past, for example terrorist attack of 9/11, the old Berlin wall, the financial crisis in 2008 and 2009, or terrorism in general. But the intensity and speed of VUCA is at its highest today (Johansen & Euchner, 2015, pp. 10–11). Traditional strategic approaches seem inadequate for the future because if one decision is made this can start a reaction where everything needs to be changed (Garrow, 2015, pp. 2–3). This is because a lot of organizational systems are still built on structures and cultures of the past century. There is a need of a new system. (Kotter, 2014, vii)

New forms of organizations emerge because of new technologies, social media and globalization (Garrow, 2015, pp. 5-6). Companies face the challenge, to find the right fit between strategy and structure and its environment (Venkatraman and Prescott, 1990, p. 1). Today, turbulence in the environment is the rule rather than the exception in companies (Robbins, 1987, p. 156). In consequence, it is not possible for one person or a small group of people to comprehend the environment and to make adequate decisions based on their knowledge to lead a company (Kotter, 2014, pp. 62–63). The traditional way, which is more bureaucratic was based on the principle that the CEO knows what is best for the company and then makes decisions and gives orders. Control is tight. The environment today is too

complex for the traditional way (Robbins, 1987, p. 171) and allows no time for leaders to find solutions (Bartscht, 2015, p. 254). The decisions must be delegated to more people to make the organization more responsive to environmental changes (Barker, 1993, p. 410). Literature suggests that traditional structures are changed to matrix, communicating groups, and projects structures to not only improve internal communication but to enhance external collaboration with other organizations. There are more advantageous structures next to the traditional ones which show a loosening of structure. (Sakalas & Venskus, 2007, p. 69)

Innovation plays a more central role and structure directly affects organizational learning and innovation (Wei Wu et al., 2012, p. 48). As mentioned previously, leaders have always tried to increase the performance of their organization through productivity. Today they try to increase performance through more and faster innovation (Kotter, 2014, p. 7). In order for innovation to take place there needs to be more autonomy and free-space.

Kotter explains that “what we need today is a powerful new element to address the challenges posed by mounting complexity and rapid change” (2014, p. 11). To be able to adapt to this rapid change, new organizational structures build on flexibility and agility (Sarkar, 2016, p. 9). Laloux (2014) writes “If we are to overcome the daunting problems of our times, we will need new types of organizations – more purposeful business” (p. 8). The structure of these organizations is vital to be able to learn, innovate and adapt to change (Martínez-León & Martínez-García, 2011, p. 543). Is less structure the answer?

There are necessary competencies that an organization needs in order to learn, innovate and adapt to the change inherent in a VUCA world.

4.3 Necessary Competencies

Many companies have already taken actions to develop the necessary competencies to persist. Competencies are vital because they create and support the strategy of the company which then influences the organizational structure. The organizational structure of a company either facilitates or impedes the capability to adapt and change to the environment (Martínez-León & Martínez-García, 2011, p. 543).

Through the literature review, certain competencies were identified as necessary. The following table shows an overview of the acronym VUCA. The last column shows specific competencies that are necessary to cope with each VUCA item.

Table 1. Distinctions within the VUCA framework

	What it is	An example	How to effectively address it
Volatility	Relatively unstable change; information is available and the situation is understandable, but change is frequent and sometimes unpredictable.	Commodity pricing is often quite volatile; jet fuel costs, for instance, have been quite volatile in the 21 st century.	Agility is key to coping with volatility. Resources should be aggressively directed toward building slack and creating the potential for future flexibility.
Uncertainty	A lack of knowledge as to whether an event will have meaningful ramifications; cause and effect are understood, but it is unknown if an event will create significant change.	Anti-terrorism initiatives are generally plagued with uncertainty; we understand many causes of terrorism, but not exactly when and how they could spur attacks.	Information is critical to reducing uncertainty. Firms should move beyond existing information sources to both gather new data and consider it from new perspectives.
Complexity	Many interconnected parts forming an elaborate network of information and procedures; often multiform and convoluted, but not necessarily involving change.	Moving into foreign markets is frequently complex; doing business in new countries often involves navigating a complex web of tariffs, laws, regulations, and logistics issues.	Restructuring internal company operations to match the external complexity is the most effective and efficient way to address it. Firms should attempt to 'match' their own operations and processes to mirror environmental complexities.
Ambiguity	A lack of knowledge as to 'the basic rules of the game'; cause and effect are not understood and there is no precedent for making predictions as to what to expect.	The transition from print to digital media has been very ambiguous; companies are still learning how customers will access and experience data and entertainment given new technologies.	Experimentation is necessary for reducing ambiguity. Only through intelligent experimentation can firm leaders determine what strategies are and are not beneficial in situations where the former rules of business no longer apply.

Figure 4 The VUCA Framework (Adopted from Bennett & Lemoine, 2014, p. 313)

Getting information to reduce uncertainty can be connected to the competency of learning and being able to communicate well. Flexibility can be referred to as restructuring. And Experimentation is the ability for individuals or groups to be autonomous and to make decisions. Other competencies are adaptability, innovation, and having a shared vision. The competencies are connected to each other as it can be seen in the detailed explanation of each.

4.3.1 Agility and Adaptability

These competencies are a central topic of research for many years (Kotter, 2014, p. 16). They are about speed. Companies need to adapt quickly to change (Bennett & Lemoine, 2014, p. 314). The speed of adaptation is key in competitive advantage, because often the faster one can take the opportunity (Doheny, Nagali, & Weig, 2012). Being able to tackle strategic challenges fast enough is vital in order to transform a challenge into an opportunity (Kotter, 2014, vii). Kotter further writes that the pyramid hierarchy is simply too slow to be able to adapt fast enough (2014, p. 11). This adaptation is the process to which a company becomes used to their environment (Fiol & Lyles, 1985, p. 805). As the strategy changes,

the company needs to be able to change as well. This is the reason why adaptability and agility are central to strategic management (Fiol & Lyles, 1985, p. 804). A common mantra is “adapt or die” (Garrow, 2015, p. 2). The table above shows that agility is key for dealing with volatility.

4.3.2 Flexibility

Flexibility is closely related to agility. It means to be able to switch directions quickly without high costs. Flexibility is concerned with the approach to organizational structure. This is one of the main features of the new organizational structures. Flexibility improves innovation because if experts can come together in flexible ways then they can innovate better. (Sakalas & Venskus, 2007, p. 68) Kotter (2014) explains that, especially in a stiff hierarchy, there have to be parts in the company that are flexible enough to be able to react better (p. 20). Flexibility is a key competency today (Tse & Olsen, 2016, p. 266).

4.3.3 Innovation

Organizational structure directly affects innovation, which then affects performance (Wei Wu et al., 2012, p. 48). There are different areas where innovation can take place, for example on products, processes and the organization itself (Gilbert, Crozet, & Teglborg, 2013, p. 1). Companies that innovate are not behind in reacting to business challenges, but they are ahead to shape their own destiny (Jogarathnam & Tse, 2006, p. 464). Innovation is generally a successful introduction and application of new knowledge that lead to new products, processes, and services (Wei Wu et al., 2012, p. 41). Where there are people who are willing to take risks and to think outside the box and to try new things, there innovation can take place. This is only possible if people have the necessary time and space provided by the structures of the company. Traditional hierarchies always tried to avoid risk through controlling people (Kotter, 2014, p. 15). However, control prevents innovation. Decentralization supports innovation, this is especially important for sophisticated innovation (Mintzberg, 1980, p. 337). Leaders today not only emphasize productivity, as this was a focus for many decades, but they center attention to innovation (Kotter, 2014, p. 7).

4.3.4 Learning

Learning is not only acquiring new information but to have the ability to produce the results that someone truly wants (Senge, 1990 (1994 printing), p. 142) and needs. For an

organization to be able to learn, individuals need to learn. Without individual learning, organizational learning cannot take place (Senge, 1990 (1994 printing), p. 139). Further, because the business environment can be too complex for one person to comprehend it all, individuals need to come together and share their knowledge and experience to create something bigger (Senge, 1990 (1994 printing), p. 239).

Learning happens through communication and information flow (Martínez-León & Martínez-García, 2011, p. 543). The structure has to facilitate internal communication for learning to take place (Sakalas & Venskus, 2007, p. 67).

Structure is one of the most important factors that influence learning. Companies that foster learning, change their structures from traditional ones to more advantageous ones so that communication flows better (Sakalas & Venskus, 2007, p. 69). Traditional structures with high hierarchies have silos where communication is hindered (Kotter, 2014, p. 8).

Learning supports an effective understanding of the environment. As companies are able to learn about the nature and relationship between their internal and external environments, they become intelligent (Stonehouse & Pemberton, 1999, p. 131).

The VUCA world cannot be fully comprehended, therefore organizations need to do everything possible to maintain an effective situational understanding. This enables a better position in the VUCA environment (Bartscht, 2015, p. 263) and is done through exploration activities, as shown in the following illustration.



Figure 5 Positioning in the VUCA World (Bartscht, 2015, p. 256)

In order to enhance forward-looking exploration activities, companies need to have people with the necessary hard technical and soft learning skills (Doheny et al., 2012).

It is also important that learning does not only happen internally but externally with other organizations (Bapuji, 2004, p. 412).

4.3.5 Autonomy and Decision-making

The magnitude of the need for autonomy and decision-making has grown over the years. In traditional hierarchies, employees only had to do what the manager said. For employees to have no decision-making ability is not possible anymore because of the complexity and ambiguity of the business world. It is not possible for one person, such as the manager, or a group of people, such as the board of directors, to comprehend all decisions (Robbins, 1987, p. 171). Laloux (2014) explains that in hierarchies there is only one brain, but with the advances in technology an organization can and has to have more brains and not only on the top of the hierarchy (p. 2). Creativity is facilitated through empowerment of employees (Sarkar, 2016, p. 10). Autonomy helps to shift beliefs and attitudes which, is necessary for a shared vision (Fiol & Lyles, 1985, p. 805). Autonomy and decision-making competencies help empower and enable people.

4.3.6 Vision

Vision is important today because it is not only an idea or a wish but a driving force for people. With a vision an organization becomes more united. Senge (1990) writes that “A shared vision is one of the strongest forces in human affairs” (p. 206). Further, a shared vision is connected to learning because if people know what they want to achieve, and they are united, then this creates the necessary energy for learning and achieving organizational goals. It is people that are the active force in a company (Senge, 1990 (1994 printing), pp. 139–140).

4.4 Structureless in Organizations

As already mentioned, today’s business environment calls for flexibility in organizations to adapt to changing environments (Tse & Olsen, 2016, p. 266). Even those environments that are considered static are increasingly threatened. The existing basic systems and structures cannot keep up with the rate of change. There has to be a new way of organizing (Kotter, 2014, vii). Existing organizational theories do not fully reflect the reality today. Hence, there needs to be different theories (Puranam et al., 2014, p. 162).

The hypothesis of this paper is that structureless forms in organizations are the right answer for the VUCA world. Structureless refers to the pattern that can be seen in new organizational structures. Mainly it is the flattening of hierarchies. It is the change from strict order and control, where employees do not have a say to more open systems that empower employees.

4.4.1 Definition

The word structureless can be misleading. Structureless does not refer to no structures at all, where everyone acts in chaos. Freemann (1972) explains that “‘Structureless’ is organizationally impossible. We cannot decide whether to have a structured or structureless [organization], only whether or not to have a formally structured one” (p. 153). There will always be a structure in groups working together. Structures are not bad, it is only the excess of it that is unhealthy for organizations in this time (Freemann, 1972, p. 163). The word “structureless” in this paper refers to the empowerment and autonomy of the individual and groups. It refers to the change in authority from the one-man command to spreading the authority and power (Laloux, 2014, p. xvii). It refers to the new organizational structures that seem more open and organic. It refers to the opening of the geographic boundaries of organizations and to the degree of involvement of each employee. Structureless is not chaos and not a reduction of work. It does not mean that the work cannot be highly formalized, but that behavior is less formalized. Self-management plays a central role.

Structureless appears in many forms. This is not a totally new concept (Barker, 1993, p. 413). It can appear in the organizational structure itself, in processes, in geographic boundaries, in physical structures, etc. Concrete examples will be giving in the next section.

4.4.2 Features and Advantages of Structurelessness

The following features of structureless forms, and advantages of these, are taken from existing organizations that have already implemented these changes. Most decisions of companies are made in order to make profit and improve performance. One of the main reasons why companies change their structure is to improve performance (Leitão & Franco, 2008). Consequently, the implementation of structureless forms is an action to improve organizational performance.

One of the main impressions that comes to mind when we talk about the word structureless is no hierarchies and no bosses. This is one of the main features of structureless organizations. The level of hierarchies does depend on the type of industry and environment, in which an organization operates. A more stable environment calls for a larger hierarchy, a more dynamic environment calls for a flatter hierarchy. Generally, there is a trend in flattening the hierarchy. (Foss, 2003, p. 336). This helps the company to respond more rapidly because decision power and autonomy lies more with the employees. This facilitates speed in decisions (Robbins, 1987, p. 77).

Because of flatter hierarchies, a feature of structurelessness is that there are no job titles or job descriptions (Puranam & Håkonsson, 2015, p. 2). Less bosses means more free space for employees. This means that employees need to be more responsible in accomplishing their job. There is no one who tells them exactly what to do. Instead of leaders giving commands to employees, they guide and support employees to solve problems on their own. This empowers the employees and fulfills the need of self-realization and autonomy which increases motivation and performance (Laloux, 2014, p. 73).

Another feature of structurelessness is for employees not to have fixed time schedules. People can plan their work time freely. They can come and go to the office when it suits them best. Home office is also a possibility. This happens through the advances in technology (King & Lawley, 2014). Again, this gives the worker more free space.

Also, an important feature of structurelessness is the physical office space. A lot of companies have changed their office space from small cubicles to an open office space (Waber, Magnolfi, & Lindsay, 2014, p. 77) with no assigned office desks in order to create collisions between employees. The closer and more open people work with each other the more likely it is that they will talk and share information with each other. This is known as the “Allen curve” (Waber et al., 2014, p. 73). Consequently, it can happen for the CEO to sit next to the intern. This should foster more informal communication. Connected to this feature is larger coffee places and longer breaks where employees can interact more often (Waber et al., 2014, p. 70) which shows and improvement in performance (Waber et al., 2014, p. 71). Companies try to create meeting points for employees to connect, which can happen not only in open office spaces but in kitchens, lounges, and meetings rooms. All these actions are to improve coordination and collaboration efforts and to share information. Information sharing seems as a vital and crucial reason for structureless forms to be implemented (Martínez-León & Martínez-García, 2011, p. 543). As information is shared innovation increases. And innovation is a key competency for today’s organizations. Creating meeting points is even possible not only for employees with each other but with customers and partners as well. Airbnb rents one of their conference rooms for free for anyone in the San Francisco area (Waber et al., 2014, p. 76). This feature can be labeled as opening the physical boundaries of the company.

Another feature of structureless is project-based working (Puranam & Håkonsson, 2015, p. 3). If an employee sees a need to create a project, he can do so. Often employees with different specialties come together for a period of time to work on a project. When the project is finished the team is dissolved. Lastly, features of structurelessness is found in new ways that organizations are created, for example open source organizations such as Wikipedia,

Linux or Airbnb. At Linux, talent is connected without any formal structure (Garrow, 2015, p. 6).

There are many more features of structurelessness, however the ones mentioned should help to describe the concept of structureless forms in organizations. Structureless forms should increase key competencies such as flexibility and adaptability to the VUCA world (Tse & Olsen, 2016, p. 273). This comes by having an effective situational understanding of the business environment. The more a company learns about the environment the better it can make decisions (Bartscht, 2015, pp. 255–256).

4.4.3 Examples

This section gives examples of real companies on how they changed their structures to more structureless ones.

First is Netflix which is a leading provider of online movies and television shows. Employees working for Netflix can take unlimited holidays (McCord Patty, 2014, pp. 72–73). There is no monitoring from managers or other employees. They do not have to get approval from anyone either. (Pink, 2010) Further, the employees can plan their own working day. If someone works better at night and wants to do other things during the day, that is allowed. Also, Netflix is build up in teams that are autonomous which means that they can decide on their goals, timeline, schedule and resources. It was shown that productivity went up with these measures (King & Lawley, 2014).

Second, Virgin which is a successful airline company. Inspired by Netflix, Richard Branson, who is the founder of Virgin, implemented the unlimited holiday policy (Perkins, 2014). The idea is that the employees can decide on themselves when he or she needs a few hours, days or weeks off. The only requirement is that the employee does not leave unfinished work behind that could damage the business. The focus is on what people achieve and not on the exact hours that people work. Therefore, there is also no fixed working schedule. Employees can come and go when they like, work from home or from the office. (Branson, 2014)

Third, Oticon which is a hearing aid company. Oticon has no hierarchy and therefore no managers and bosses. Most of the titles and job descriptions were done away as well (Foss, 2003, p. 336). There is a huge office space where each employee has a desk that they can roll around to meet with other employees to form projects. Work is build up into projects. Any employee can start a new project (Foss, 2003, p. 335). When the project is finished they can move around again. The reason for this change into project-based working was competitive

advantage. Oticon wanted to be a knowledge-based company and the connection of employees through project was the necessary action for them to be successful.

Fourth, Morning Star. This is one of the biggest tomato processing companies in the US. The work processes are repetitive but still there is a lot of autonomy for each employee. Again, there are no managers or bosses. Every employee reports to each other by writing their own colleague letter of understanding which is released inside the company (Morgan, 2015a). In this letter they once a year write their own roles for which they want to be responsible for. One employee can have responsibility for up to 30 roles. Employees make all business decisions because each role is taken by an employee each year. There are 23 teams at Morning Star and no management positions or staff functions (Laloux, 2014, p. 113).

Fifth, FAVI which is a manufacturing company in the automotive industry. The hierarchy is very flat. There is one boss and a mini-factory leader. Otherwise there are now other managers (Gilbert et al., 2013, p. 3). The mini-factories are responsible for one client each. The team that works in a mini-factory is very autonomous. They decide on everything together. What orders to take, when to finish them, how long the working hours are, how big the budget is, etc. Each mini-factory has their own staff functions (Laloux, 2014, p. 75). The only meetings are team meetings which are organized as need. It is possible to have cross team meetings with other mini-factory teams (Laloux, 2014, p. 76). Each employee has access to company cars and tools as they need the as well. Tools can be used for private use as well (Laloux, 2014, p. 81). There are no job descriptions for employees. One employee can be operating a machine and also be in charge for the supplies (Laloux, 2014, p. 90). There is no climbing the hierarchical ladder which results in full engagement and fulfillment in the current job (Gilbert et al., 2013, p. 9).

Sixth, Buurtzorg which is a healthcare company in the Netherlands. They have a flat hierarchy (Nandram, 2015, p. 21). The company is set up in self-managed teams (Nandram, 2015, p. 20) that operate in a specific geographical area. Each team consists of 10-12 employees that manage themselves. They do their own recruiting. There are no bosses therefore everyone is equal. Each team has support from a regional coach which is not a manager though. (Laloux, 2014, pp. 67–69) There is total transparency between the teams that help themselves out as needed. The employees communicate through the internal intranet and share their expertise (Laloux, 2014, p. 124). This way the all profit from each other. The founder of the company shared their way of operating with competitors because he thinks that they should not work against each other, especially in the health industry, but with each other. He hopes that everyone can learn from each other (Laloux, 2014, p. 205).

Seventh, Valve which is a computer game company. This company has the least hierarchical structure. There is only the founder which has a little bit more authority than others but everyone else is equal (Puranam & Håkonsson, 2015, pp. 3–4). Each employee has a desk on wheels which they can move in order to meet with employees in the same project (Laloux, 2014, p. 86). Also, there are no job titles, and no one tells anyone what to work on. Each employee can see all running project and can join any. They can also start their own project (Morgan, 2015b). The focus lies on employees working on projects that interests them (Puranam & Håkonsson, 2015, p. 2). Each project team decides on team meetings, quality control, delivery, etc. (Puranam & Håkonsson, 2015, p. 3).

There are many more companies that implemented structureless forms in their organization. The question is if these changes to structureless forms are helping them be successful in the VUCA world. This will be examined in the research performed.

5 Methodology

5.1 Research Methodology

The chosen research methodology for this bachelor thesis is a semi-structured interview. The interview is a method of qualitative research (Mayring, 2014, p. 43) and is the most used qualitative method (Cassell & Symon, 2004, p. 11) because it gives flexibility in the process and allows deeper understanding of the subject.

The interview is used by researchers to deal with matters about how people organize and interact with the world (Guest, Namey, & Mitchell, 2013, p. 1), which is one reason why this method was chosen. The research question requires a deeper understanding of why companies have implemented structureless forms or why they are planning to implement them in the future. The interview will help discover the company's motivation to work with structureless forms as part of their strategy. The qualitative research method is an adequate method to answer the research question because the term 'structureless forms' is quite abstract and cannot be measured in numbers but rather can be examined only through deeper conversations. Further, the questions of the interview can be focused on different areas of the organization allowing flexibility to find structureless forms in it. In contrast, a qualitative research method would not give enough depth of knowledge which is required to understand the actions of the company in their business environment. This is the reason why a quantitative research is not adequate.

The purpose is to better understand a real-world problem (Guest et al., 2013, p. 2), which is how to cope in a VUCA world in regard to organizational structure. This type of research is called applied research. It “strives to improve our understanding of the problem, with the intent of contributing to the solution of that problem” (Bickman & Rog, 2009, p. x). The interview method analyzes situations in their natural setting in order to understand reality better (Denzin & Lincoln, 2005, p. 3).

A major disadvantage of the interview is the time that is invested in creating, carrying out, transcribing and interpreting the interview (Cassell & Symon, 2004, p. 21). However, in transcribing the spoken word into written letter, the text can be better analyzed to obtain the results. These results will then be compared with the theoretical part. Lastly, conclusions will be derived from the analysis.

5.2 Interview

The interview was conducted one on one via telephone due to geographical distance.

The questions of the interview focus on the organizational structure, on how the companies handle the VUCA world, what key competencies are necessary for them to survive in the VUCA world, whether they have any structureless forms implemented and how effective those are. The questions for the interview were derived from these topic areas and prepared before the first interview.

Each interview followed, as a guideline, the same set of interview questions, which were mostly open-ended questions. There was room for additional questions to dig deeper into a specific topic. The same interview guideline was used for each interview to be able to compare the answers.

Six individuals were selected and contacted by e-mail in April 2018. All of them agreed to an interview, which took place via telephone within one month. Each interviewee was asked for consent and agreed that the conversation could be recorded and used for the bachelor thesis. This was done with an audio recording device.

5.3 Sample Size / Interviewees

The sample size consists of six companies, each representing a different industry and a different structure. This was intentional to gain an understanding in the use of structureless forms in a wide range of companies. The companies range from a regional operation to worldwide, and who employ between 37 and 54 000 employees. Some of these companies have used these structures for decades and other for only a few years.

Following is a table with some information about the interviewees.

Company / Industry	Expert / Role	Date of interview	Duration
Company A Banking and Finance	Expert A HR Agile Transition Manager	11.05.2018	37 min
Company B IT/Software	Expert B Co-founder, many	28.05.2018	34 min
Company C Internet and Telecommunication	Expert C Vice President Customer Service	11.05.2018	34 min
Company D Construction	Expert D Head of Human Resource Development Services	23.05.2018	44 min
Company E Machinery	Expert E Member of Executive Board	29.05.2018	53 min
Company F Finance / Mortgage	Expert F Many roles	29.05.2018	54 min

Table 1 Overview of Interviews

The sample size is small compared to the many existing companies and industries in the economy. However, interviewees from different industries give an insight on how each of them reacts to their business environment.

The interviewees have high positions in their company and have the ability to influence their organizational structure. Their roles and titles are seen in the table. They are qualified as good interview partners, as they not only have real insights into the development of their organizational structure but can influence it.

To keep the companies and interviewees anonymous they will be referred to as company A-F and the interviewees will be referred to as expert A-F.

5.4 Analytical Steps

The results of the six companies will be compared and examined for any similarities or common themes as to why they implement structureless forms and what challenges there might be. The objective is to find a correlation between the degree of structureless forms in the company in relation to the VUCA world. The interviews were transcribed word by word. The transcriptions rules were developed by the transcription principles developed by Mergenthaler and Stinson (2010, p. 129). Each transcript follows these rules to ensure that each was transcribed systematically and consistently (McLellan, MacQueen, & Neidig, 2016, p. 64). This then allowed a careful analysis of the text (Schilling, 2006, p. 30). In order to guarantee quality in the research analysis, the interviews need to follow a step by step evaluation (Mayring, 2000, p. 3). According to Mayring (2014), the category system is the central instrument of analysis (p. 40). The categories reflect those in the theoretical section

of the paper, which are: organizational structure, business environment, competencies, structureless forms and challenges. These categories provide enough information to reflect on the research question and to gain appropriate results.

5.5 Quality Criteria of Qualitative Research

For this paper to be accepted as a scientific work, it has to fulfill certain quality criteria. The assessment should concern the objectivity, reliability and validity of the research (Mayring, 2014, p. 107).

Concerning objectivity, the interviewees are experts in their role because of their experience and their daily interaction with the matter. If they did not know an answer to an interview question they emphasized this and added that this was only their personal opinion. After an interviewee answered a question, the answer was repeated in order to check if it was understood correctly. This helped to ensure a correct understanding of the question on the interviewee's part and a correct understanding of the answer on the interviewer's part.

Further, reliability was ensured by having the same interview guideline for each interview. In the development of the questions, the focus was on relevance in order to answer the research question. The guideline was checked by the supervisor before the first interview. In this process questions were added and deleted from the guideline to ensure that the interviewee could respond subjectively and open. The transcription followed the same transcription principles that were established beforehand. This decreased the possibility of data loss through transcribing.

Validity was ensured by choosing qualified experts that have knowledge and experience in organizational structuring. Each expert has direct contact with the development of their structure and therefore could give valid insights and answers.

5.6 Limitation

Because there are only six companies in the sample size, the results are not very meaningful, especially because of the vast number of companies in different industries. This limitation stems from the lack of time and resources of this bachelor thesis. A quantitative research method would be able to reach a higher number of companies with less effort and resources. However, then the depth of the research results would be missing. Nevertheless, the results give interesting insights into real companies and how they are structured today.

Despite limited academic and private connections, it was possible to schedule an interview with people who have an important and high status and role in their organization. This adds to the quality of the results, which suffices for this paper.

Further, the interpretation of each question from the interviewees creates a limitation as well. Other interviewers may understand and transcribe interviews differently. Additionally, the lack of resources also influences the quality of the transcripts. I transcribed the interviews myself, using the established method for each interview, instead of having a professional transcriber do the transcriptions. Lastly, my personal experience as the author of this thesis creates a limitation, as I have not yet had many years of academic research practices.

6 Results

The result from the interviews is given company by company and the data from the interview is categorized into five different categories, namely structure, environment, competencies, structureless forms and challenges. This follows the same structure as the theoretical set up except for challenges. The challenges play a part in the results as this gives additional insights into whether or not structureless forms are being implemented. Each company is described using these five categories, which allows for comparison.

6.1 Company A

Structure

Company A is located in the Netherlands and is in the finance and banking industry. They have 54 000 employees worldwide. Their core business is servicing retail and corporate customers with opening bank accounts, taking out loans or mortgages and making investments. There is a large movement towards becoming a digital platform, which is a step into a total new area. (I1, p. 54)

Company A has a very flat hierarchy. The structure consists of the board of directors, tribes, which is a group of employees with a certain focus, and squads inside a tribe, which are small teams with different disciplines working together on a project. In a squad, there is a product owner who determines what the teams need to accomplish but the team can fully decide how it is done. The word manager is obsolete. There are only leads. This structure is called the agile way of working, which is implemented in 50% of the whole company worldwide. The other half is still organized in a pyramid hierarchy. The goal is to make the

whole company agile. The agile structure only gives guidelines for the employees; however, the teams are quite autonomous. (I1, p. 56)

Company A believes that in a few years they will take a step beyond agile working. This is only the beginning. (I1, p. 59)

Environment

Company A's business environment is highly dynamic, uncertain and fast changing. One major reason for this is due to the large quantity of external regulators in the finance industry. The European Central Bank creates many regulations and checks as to whether company A has implemented them. There is not a lot of knowledge and experience in the digital banking area and for this reason there are constantly new regulations and changes. According to company A, there is a huge time pressure to comply with all these changes. They see themselves not as a bank, as we know it, but as an online platform with financial services. (I 1, pp. 54-55)

Competencies

The key competency for company A is power of decision making. Through the agile working system, they want to empower teams to make decision. Teams have clear boundaries, but they are given plenty of freedom. This allows them to be much more agile and adaptable. Leaders try to empower and enable the employees. Speed to market is vital. (I1, p. 55)

Another key competency is having a clear vision. Employees need to see where they are going and see the bigger context within which they are working. This involves selecting the right people for the future. Titles are not more important than people that are able to work agile and flexible. (I1, p. 55)

Structureless forms

The agile structure itself is already a major structureless form as there are no managers but autonomous tribes and squads and a high empowerment of the employees (I1, p. 56)

Company A also utilizes the major structureless form of open office space. Company A emphasized that this is a very important component for agile working. No one has their own office desk but sits with those with whom they are working. There are no meeting rooms but areas such as the canteen or the espresso bar, where people can meet and work. Not even the board of directors has their own desk or meeting room but prefer to meet in open office

spaces. Some employees still work in traditional offices; however, those offices are trying to use the given facilities as much as they can to work in an agile way. Company A emphasized that the traditional offices are a huge hindrance to agile working. (I1, p. 57)

Company A has major plans to build a new head office, which will be more like a campus with universities and startups, much like Google, Amazon or Apple. (I1, p. 57)

Challenges

One of the challenges that company A faces in implementing these structureless forms is the governmental regulations in the finance industry. Complying with these regulations costs a great deal of energy and resources. (I1, pp. 54-55) Further, agile working is a substantial change for every employee. It takes between 6-9 months for employees to accept and adjust to the agile way of working. (I1, p. 60)

6.2 Company B

Structure

Company B is an IT and software company located in Switzerland. Their core business is to provide custom software development for clients throughout several industries such as retail, banking, and insurance. They have 160 employees with no managers. (I2, p. 61)

Company B uses Holacracy as their organizational structure. Therefore, there are no bosses or managers. They implemented this structure two years ago. Holacracy helped clarify and give transparency of roles, accountability and checklists. Before Holacracy, they already used a more decentralized structure, however, they found they needed more clarity and structure of roles. That is one reason they implemented Holacracy. (I2, p. 62)

Holacracy is an organization of work and not of people. Traditional structures organized people with job descriptions. In Holacracy, role descriptions are volatile. An employee has full autonomy and authority to fulfill whatever assignment they have been given. (I2, pp. 62-63)

Environment

According to company B, their business environment is, on the one hand, very fast changing and volatile, as very few months there is a new technology. On the other hand, the environment seems quite stable regarding revenue stream and client relationships. They have clients whom they have served for years. (I2, p. 61)

Competencies

The important competency for company B is to be able to deal with whatever comes tomorrow. This implies being flexible, adaptable to the market and to the customers, and being agile. This readiness is part of the strategy and purpose of the company. They accomplish this competency by protecting the employee through free space and responsibility for their own roles. In consequence the employee learns to make decisions and be independent, just as they are in their private lives. Priority goes first to the employee, then to the customer and then the company costs. Each employee has decision making power and authority in their role. This speeds up the decision-making process and makes the company much faster in adapting to customer needs. Company B has a clear vision where they are going and what they want to accomplish. Every employee is actively taking part in the vision. (I2, p. 61-62)

Structureless forms

Holacracy itself is a structureless form as compared to traditional structures especially concerning the freedom and autonomy of each employee. In the aspect of rules and guidelines, however, it is more structured than traditional structures. The work needs to be clear and transparent in order to be successful. On the one hand employees have clear rules of their work but have total free space and autonomy on how to carry out the work. There are no managers and bosses. Each employee can manage their own set of roles and has full freedom and autonomy but also responsibility for that role. (I2, p. 62) Company B explained that each employee can use as much budget for their role as needed, since the objective is not to save costs but to create results. There is no one who checks. This freedom was proven as profitable as company B had less costs. Further, each circle in which the roles are organized can decide on the time schedule. They can decide when and where to work and when to take vacation. An employee can even change their rate of employment as needed, for example, if home and children need more attention. (I2, p. 63)

Holacracy makes it easy for new employees to be integrated into the company. Company B desires more structureless forms in the future as this means that the independence and autonomy of employees will increase. Structureless form in the sense that the employee has more independence and takes more responsibility for their work. (I2, p. 64)

Holacracy is like an operating system with continuous updates. Each company creates their own, so to say, apps. These apps can be updated, changed or removed easily. This is a very structureless form in correlation with the definition of this paper. (2, p. 65)

Challenges

Company B had great expectations from Holacracy that were not fulfilled. They thought it was the solution to everything rather than a system where problems can be fixed better and faster. There was a large learning curve with the new system. Employees were critical as well. As the informal roles of the previous structure disappeared, some employees were disappointed. During the implementation of Holacracy, only 88% of the employees liked the new system. To get all employees on board, trainings needed to be all inclusive rather than for just a few people. A challenge was for the former managers to do jobs that they did not like. The former formal hierarchy still exists in some way. (I2, p. 64)

6.3 Company C

Structure

Company C is a telecommunication company located in Germany. They are a regional supplier of internet access and telephone products. Their customers are private customers and businesses. They have 900 employees. (I3, p. 66) Their company structure is designed like a pyramid and is hierarchical with two directors, a CEO and a CTO. The next level are the ten vice presidents. They are in charge of 60 line managers and the last level are 60 team leaders. There is a high span of control, which they want to reduce to be more flexible and to reduce overhead costs. (I3, p. 68)

Environment

Company C describes their business environment as very dynamic and uncertain. Major players such as Google, Apple and Amazon are among their competition. The business environment is not fast changing though as there have not been major disruptive innovations in the past 10 years. (I3, p. 67)

Competencies

The key capabilities from company C are innovation, adaptability, learning, agility, autonomy and decision-making power of employees. Innovation is key as company C is a technological company. They need to be one step ahead of the competition. Their products are and need to be superior to those of the competition. This is their competitive advantage. Their strength is to know what the customer wants and they have developed certain tools to help analyze customer needs. This helps them to be adaptable. Company C needs speed of decision

making, which they accomplish, for example, through open office space. Another strength of company C is that they are agile compared to their big competitors because company C operates mainly in the regional area and can offer specialized products. Further, employees are very important. They need to win the war for talents. This will be possible through employee empowerment. (I3, pp. 68-69)

Structureless forms

Company C is still quite hierarchical, but they are talking about more flexible and agile structures. Some structureless measures are in plan, for example: home office, a new office building with open office spaces with communication islands, informal meeting areas, coffee lounges to enable employees to have more open and informal discussions and short meetings and especially alignment of teams and speed of decisions. Company C also wants to empower their people more. One plan is to eliminate time cards, where employees have to check in and out even if they go to the toilet and for a cigarette. Company C wants to become more result oriented than time oriented. Agile teams are important, especially in the technical departments where innovation is a key competency. (I3, p. 69)

Another focus for company C is to change the leadership style from being a manager to being a coach. People should be able to do those things where their interest lies. In company C's opinion, structureless forms are not necessary for all organizations to be able to live in the VUCA world. It depends on the business and the people. It also strongly depends on the strategy. If structureless forms help to fulfill the strategy, then they are important. (I3, p. 70)

Challenges

The challenges are with the culture and the people of the organization. On the one hand, the managers need to refocus their role and trust their employees more. The older the managers, the more difficult this will be. On the other hand, the right employees are needed who want and are ready for more responsibility and freedom. There are employees that like the 9 to 5 mindset and to be told exactly what to do. A task will be to sort out those employees that are not ready for the future. The right mindset is very important. (I3, p. 70)

6.4 Company D

Structure

Company D is in the construction business and their headquarters are located in Austria. They have 6800 employees worldwide. Their core business is to design and produce shell forms for concrete constructs, such as buildings, bridges or tunnels. Their customer is anyone that wants to build something out of concrete. (I4, p. 72)

Company D has a pyramid structure with several levels of management. Company D commented that the pyramid structure is an adequate structure for a steady environment but not for the VUCA world. Consequently, they started trying new types of structures in their organization to find the best one for them. According to Company D, it is most likely that there will be several types of structures in their organization depending on the specific need. This is still in the beginning stages. (I4, p. 74)

Environment

The business environment of company D is dynamic and more uncertain than in the past, but it is not fast changing, meaning the products do not change very much. There have been dramatic financial changes in the recent years. One major change was influenced by the financial crisis in 2009. Before the crisis, investment decisions were made two years before the project started. Now, investment decisions are made much closer to the start of construction, and therefore, company D needs to supply much faster, which was a huge change. (I4, pp. 72-73)

Competencies

An important competency for company D is not so much about how much they know but how they act. According to company D, there is no “one best way” but there are more solutions. Agile thinking is key, especially for leaders. Being able to see a situation from more than one angle is vital. Leaders have to be open minded, open to new ideas and be interested in different sources of information. Listening is also vital. Through listening, leaders are able to learn more about the broader picture of reality. Learning is key for the organization. Leaders are quite important as they still have a lot of power in the organization. They first have to adopt the competencies and then they will influence their employees. (I4, p. 73)

Further, a key competency for company D is to be innovative in organizational structures and processes. Through this they hope to be more agile and adaptable to the business environment. They are at the beginning stage of innovating their own suitable structures in

their organization. The goal is that each employee is empowered and enabled through the leaders. Therefore, autonomy and decision-making power is an important competency as well. (I4, p. 73)

Structureless forms

Company D is open to new structures in their organization. They are starting to test different kinds of structures in a few areas of the organization to find those that are right for them. Company D believes that they need to deal with more than one organizational structure in their company because there is no “best” structure. This means they are open to structureless forms. At the moment they are testing self-managing teams with a flat hierarchy, for example, the production team can organize their own processes. One of company D’s plans is to introduce a project structure. This is only in the designing stage. (I4, p. 74)

Additionally, company D has open office spaces where employees have to find their desk each day. This flexible desk sharing principle should influence the work ethic of the employees to be more flexible in solution finding. The open space encourages flexibility, getting new insights from new employees, and better information sharing. In addition, employees can decide when to come and go as long as they reach the required working time. Home office is also possible. In the past, there were strict regulations inside the company. Now company D tries to be more principle driven. This supports open-mindedness among the leaders and employees. Further, company D visits other companies to learn from their organizational structure. They open themselves to learn from others. Company D said that their goal is to have much more open structures within 5 years. (I4, pp. 75-76)

Challenges

A challenge to implement structureless forms is the governmental law. For example, company D tries to give the employees flexible working hours, but the law is quite regulated on how the working times should look. Further, it is difficult to change the organizational culture of strict structures and regulations to a more open one. Not every employee likes this change and the challenge is to shift the behavior of employees. This change starts with the leaders. (I4, p. 76)

6.5 Company E

Structure

Company E is in the automation industry, specializing in several areas such as mechatronics, digitalization, machine building for the automotive industry, packaging, logistics, etc. Technology plays a vital role in their core business. They have 3600 employees in 60 countries. Their core business is automation services and consulting services on technology and machines. (I5, p. 78)

The structure of company E is a hierarchy with a management board, who are responsible for the governance and the strategic planning of the company. Under this is a mix of regional and business unit organizations, which execute the strategies. They have 5 focus industries which are automotive, textile, intralogistics, packaging and robotics. There are flexible elements in the company including team and project working. (I5, p. 81)

Environment

According to company E, their business environment is very competitive, brutal, uncertain and complex. On the one hand, machines are not consumer goods that have a short life. Machines have a duration of 20-30 years. On the other hand, the political and economic situation, for example the financial crisis in 2009 or the current political state in Argentina, heavily influence the purchase of machines. Company E has worked against this uncertainty through offering different products. They not only offer the machines but also the servicing of the machines. They counter-balance themselves. Further, company E is operating with highly specialized expertise in technology and machinery. Technology is changing fast. (I5, p. 79)

Competencies

A core competency is agility in products. Company E repeatedly emphasized that serving the customer is vital, and each customer has customized needs. Other competencies that are crucial are ambition, consistency, innovation, being flexible to customer and market needs. Further, decision-making and autonomy of employees is very important. Company E is already working on communication skills for employees to voice their opinions and on listening skills, especially for the leaders, to be open to other opinions in order to find the best solution. (I5, p. 80)

Structureless forms

Although company E is quite hierarchical with formal structures, they have implemented quite a few structureless forms. Company E has flexible structural elements to be able to meet the specific needs of the customer. For example, if an Indian machine builder wants to be a market leader in his field, then that builder could turn to the services of company E. Company E would then fly in needed experts from around the world to work in teams together with the Indian company in order to design a solution specific to their needs. After the designing stage, Company E's production and supply chain team comes in and helps the customer to produce the machines. Company E even offers to service the machines for the new customers of the Indian machine builder. Company E is flexible in combining products and components with brain and software to provide compatible solutions to machine builders and machine operators. They have the formal organizational parts, as well as the living or organic elements that adapts to the specific needs of the customer. Company E works closely with their customers and by so doing are joining their individual organizational structures together. (I5, pp. 81-82)

Additionally, company E recognizes that management cannot be the bottleneck of decisions. They support employees to be bolder and more autonomous. They value responsible decision making of employees. This skill is vital for company E's future competitive advantage. The employees are the experts and they should be able to make decisions which will speed up the whole process. It is also possible for employees to propose any changes to the board of management. (I5, p. 83)

There are more structureless forms at company E. Many employees have the responsibility for their own time. They can come and go as they like. They can work from anywhere, including their home. Company E is planning a new mechatronic center with an open office space structure to encourage new ways of collaboration. Further, they offer sports teams for leisure time, health coaching, and exercise activities during coffee breaks. Company E encourages employees to take on projects in other functions and countries, such as an employee working for 3-6 months in China. This strengthens company E's informal structure throughout the world and builds better understanding for other colleagues in other roles and other countries. These flexible elements should increase the ability to better collaborate in different functions and for individuals to understand their contribution to the overall success and strong vision of the company. (I5, p. 84)

Challenges

The biggest challenge is the complexity of the work. Many departments have to work together in a flexible way. Further, structureless forms are not for every person. For some it helps but for others it does not. For example, open offices space may hinder rather than help some employees. According to company E, structureless forms help in the perspective of organizations, but it is not the complete answer to VUCA world. (I5, pp. 84-85)

6.6 Company F

Structure

Company F is in the financial sector, specifically offering mortgage advice to customers. They mainly operate in the Netherlands. They see their position in the marketplace between the big players and the one-man companies. Company F has 37 employees and is growing fast. Their core business is to find the ideal mix between online and offline services for mortgage advice. The customer focus group of company F is the younger generation that is entering the housing market for the first time. (I6, p. 86)

Their organizational structure of choice is the circle structure of Holacracy. Inside a circle there are certain roles, each with their own purpose and accountabilities. Those roles are assigned to people, who are fully autonomous with that role. There are no fixed job descriptions. Through “Integrative Decision Making” (Holacracy decision making mechanism), any employee can propose a new role if he/she sees a need for it, even if it is the role of “coffee lover” who is in charge of ordering coffee. Holacracy has no traditional managers or bosses, but strives to define all the work in circles, roles and policies, in order to create a fully transparent and agile organizational model. (I6, pp. 88-89)

Environment

Company F sees their business environment as dynamic and fast changing but not so much uncertain. Company F closely follows the development of the housing market. The company was founded at the end of the financial crisis and secured a market position with considerable growth. The environment is dynamic and fast changing, mainly due to technology as a major part of the mortgage process is online and digital. Company F finds their niche in the optimal balance between online services and in-person customer services for those buying a new house. This is especially true with the younger generation who have grown up with technology and find it easier to use but could still use the in-person advice when making a large purchase, such as a house. (I6, p. 87)

Competencies

A major competency that company F needs is speed in decision making. This is possible through empowerment of people which they feel makes people happier and more fulfilled. Decisions should be made on the work floor, that is where the specialists are, that is where speed is created. It is too slow if the specialist must ask the manager who has to ask his manager for approval. Empowerment is giving people more freedom in those areas, for which they are accountable. This encourages flexibility, autonomy, and agility in answering to customer needs. All these are important competencies for the VUCA world. Further, having a higher purpose is the main motivator for all employees. The higher purpose can be compared to having a vision. The vision is key for people and allows them to feel, with their roles and with their own purpose, as part of something bigger. (I6, pp. 87-88)

Structureless forms

Company F emphasized that there is a general misunderstanding that moving away from traditional structures means that structures become looser. In practice, self-management structures can actually have more structure. Holacracy has a lot of rules and procedures. It is very structured! But this structure is different than traditional ones in the free space that people have. Traditional structures tell the employee exactly what to do. In Holacracy, there is a context given for a role, but the employee can decide how to fulfill that role. The Ferrari rule in Holacracy says that an employee can go as fast as he or she wants in their role as long as they stay within the boundaries. An employee can also manage his or her own set of roles or propose a totally new role. There are two types of meetings at company F. A tactical meeting which is work related and a governance meeting where the company looks at how they are organized or what new roles or policies are needed. This is the place where any employee can propose a new role or amendments to existing ones. The fact that the structure of roles can change very quickly and easily is an example of a structureless form. This is a freedom that is different to the traditional structures. There are no traditional managers. The hierarchy does not exist in managers but in purpose. Employees are free to do what they need to fulfill their role. (I6, pp. 88-89)

Company F says that they are not married to Holacracy, they will move to a better system when there is one. Holacracy is just one step better, another step in their evolution. They are experimenting with changing the rules of Holacracy and are challenging some things in its constitution. An example is that their constitution states that a certain role is assigned by its senior role of the bigger circle, which reflects a management structure. They are testing

electing the certain role or even rotating it. The system is ever evolving, which is key to finding the next best step. (I6, p. 92)

Challenges

People do not like change. This was seen with the implementation of Holacracy. There are always a few critics but as the implementation progressed many of the critics were convinced that the new system is good. Additionally, there is always a form of implicit hierarchy, especially between junior and senior colleagues. This is however, generally felt as a good thing, because when it starts looking too much like a traditional management, people can always address this in Holacracy meetings. (I6, pp. 92-93)

6.7 Overview

The following table will summarize the results from the companies in order to compare them better.

Overview Results 1			
Company / Industry	Structure	Environment	Competencies
Company A Banking and Finance	Flat hierarchy	Highly dynamic, uncertain and fast changing	Power of decision making, agile, flexible, vision, adaptable
Company B IT/Software	Holacracy	Fast changing and volatile	Flexible, adaptable, agile, vision, power of decision making
Company C Internet and Telecommunication	Pyramid	Very dynamic and uncertain, not fast changing	Innovation, adaptability, learning, agility, autonomy, decision making power
Company D Construction	Pyramid	Dynamic and uncertain than in the past, not fast changing	Agile thinking, open minded, learning, innovation in structures and processes, autonomy and decision-making power
Company E Machinery	Pyramid	Very uncertain and complex	Agility in products, employee ambition, innovation, flexibility, decision-making power and autonomy
Company F Finance / Mortgage	Holacracy	Dynamic, fast changing, not uncertain,	Speed in decision making, empowerment of people, flexibility, autonomy, agility, vision

Table 2 Overview Results 1

Overview Results 2		
Company / Industry	Structureless forms	Challenges
Company A Banking and Finance	Autonomous tribes and squads with decision power, open office space, meeting areas (canteen, espresso bar), new campus in future	Governmental regulations, time to implement, big step for employee
Company B IT/Software	Holacracy, manage own set of roles, no managers or bosses, free use of budget, free time schedule, everyone can create a role, open office space	Wrong expectations, criticism at first, every employee needs training, managers needed to give up authority, former hierarchy still exists informally
Company C Internet and Telecommunication	They plan a new office building with open office space, and they plan to implement no time schedules	Changing the culture, Managers need to refocus their role, need of right employees for new systems
Company D Construction	They are open for new structures, beginning phase of new structures, self-organizing teams, flatter hierarchy, open office space with flexible desks, home office, principle driven, flexible schedules, much more open structure within 5 years	Governmental law, organizational structure, shift behavior from traditional structures to more open ones
Company E Machinery	Team and project-working in an organic form, experts have decision power, any employee can propose a change in the company, flexible time schedule, home office, they plan a new mechatronic center with open office space, sports teams, exercise activities during working hours, working abroad possible	Complexity of work, some employees do not like more open structures,
Company F Finance / Mortgage	Employees have roles with total authority and autonomy, they can manage their own set of roles, everyone can create new role, no managers, no hierarchy, changing Holacracy rules,	People do not like change, criticism of new system, old hierarchy still exists informally

Table 3 Overview Results 2

7 Discussion

The aim of the bachelor thesis is to examine if moving towards structureless forms in organizations is the right answer in response to the VUCA world. According to Kotter (2014), today, there is a need for organizations to reorganize as the old or traditional structures and cultures are not adequate for the demands of the VUCA world (p. vii). Companies change

their structure so as to be more flexible, adaptable and agile in order to survive in the turbulent environment (Garrow, 2015, p. 2). Learning and innovation is increasingly important (Vera & Crossan, 2004, p. 227). Through the literature review, it was possible to identify structureless forms in existing companies and reasons why they implemented them. Structureless forms should improve performance and innovation through increased engagement and information flow between employees. Additionally, they should foster competencies, such as flexibility and adaptability, and increase employee motivation.

The following discussion will apply the theory to the six companies interviewed and assess to what degree these companies have implemented structureless forms and their reasons for doing so. This discussion will then establish if moving towards structureless forms is the right answer regarding the VUCA world. First, each company will be discussed individually as each company is located differently on the spectrum between tight structure and structureless. The movement of the company on this spectrum will then be examined and the key results will be compared with the theory.

Company A

Company A is still structured in a flat hierarchy as the implementation is still taking place. Currently, 50% of their worldwide organization has been restructured. The new agile way of structuring exists in the use of tribes and squads. These act autonomously. They have a lot of freedom. This way, problems can be tackled more efficiently and velocity. Open offices spaces are vital for company A. That is where the most coordination work takes place.

Additionally, company A is moving in the direction of more structureless forms as they are planning a new campus for their headquarters with universities and start-ups. The movement towards more independence and autonomy of teams will help them to be ready for the VUCA world. Company A mentioned that they will implement a new system when there is a better one. This is only the start.

Company B

Company B implemented Holacracy which is an advanced step towards structureless forms. Company B emphasized that there is not less structure but that the structure is different to traditional ones. Each employee can manage their own set of roles and can decide on their time schedule. Company B advocates the independence and autonomy of the employees, which comes from decision making power. The structure of the work has still many rules and guidelines. The structuring takes place among the work and not among the people.

Therefore, the movement towards this independence and autonomy is the right answer for company B in the VUCA world.

Company C

Because company C is in the internet and telecommunication industry they are in a very dynamic and uncertain environment. Innovation is key. Still, their structure is quite hierarchical, but they plan to change it. This is only, however, in the beginning stages. Up to now they had a good competitive advantage, but in order to sustain this they need to respond to the environment and improve. Company C wants to do this by implementing more structureless forms because they want to become more flexible and agile in order to be ready for the VUCA world. They plan the construction of a new office building with open office space and other meetings spaces where informal communication can take place. The interview illustrated that with their planning they are moving towards structureless forms in response to the VUCA world.

Company D

Company D has a very traditional organizational structure still, but they are actively starting to implement other structural forms with structureless features. For example, they plan in some areas to introduce a project structure or flat hierarchies. Interestingly, they mentioned that there will be different structures in different areas of the company. Because they are a construction business they will never be completely structureless, but they are moving towards this in response to the VUCA world because they believe that for a VUCA world it requires empowered and enabled employees. Loosening the structure gives employees more autonomy. According to Company D there will be a lot more structureless forms implemented within the next five years.

Company E

Company E is in the automation industry, which involves high standardization and formalization. Although the structure is quite hierarchical, they have implemented structureless forms. Their teams are flexible to react to customer needs and this works quite well. Company E is moving towards structureless forms because this enables employees to be more autonomous and responsible. The employees are the experts and therefore need more free-space to make decisions. They plan to build a mechatronic center with open office space. Additionally, they are encouraging employees to be increasingly autonomous.

Company F

Company F is a small but fast-growing company. They implemented Holacracy, which is a structureless form in the aspect that employees have a large amount of autonomy and free-space. Still there are a lot of rules and guidelines. They are moving towards structureless forms in the sense that they are changing even the Holacracy rules to find a better fit for them. The most important competency is decision making power of each employee. This should be supported in the future. More rules and procedures will be changed if this helps increase the autonomy of the employees.

Summary

Most interviewed companies still have a hierarchy as their structure, but all have some types of structureless forms. The most common one is open office space to foster informal communication and therefore increase the quality of innovation. Innovation is a key factor for development of the organization and its structure. Every company has the need for innovation, not only in new products but also in new processes and structures (Gilbert et al., 2013, p. 1). This was especially emphasized by Company D as they are actively planning new structures in their construction company. Unplanned and informal communication and coordination creates speed that is necessary to tackle the VUCA world.

Another very common structureless form is working in teams, mostly small teams. There is no best solution, but the goal of the team is to find their best solution path for their problem which keeps on developing. This is possible by decentralization which means to give autonomy and decision-making authority to the teams and individuals who are directly in contact with the problem. Holacracy establishes this by giving complete responsibility and autonomy to the employee that is connected to the role. The main reason for this is that today, there is a need for more people coming together to join knowledge in order to tackle the challenges of the VUCA world thus helping to handle complexity, which is a key component of the structure. There is not only a division of labor but a transfer of authority and control, which empowers and enables individuals.

The results additionally show that effective structureless forms in organizations are the loosening of people structures and not of the work structure. The company still has to divide, structure and coordinate the work in order to achieve high performance, which is still and always will be the goal of a company, but additionally by loosening the structure of people empowers and enables employees. The structuring of people is loosened through lowering the hierarchy and giving them more free space and authority. If people can choose their role and have full autonomy in it, then more brains are thinking instead of just one on the top. For

example, in the manufacturing of pins, which was mentioned by Adam Smith (Soares, 2007, pp. 8–9), the work of producing a pin still has to be structured. If we apply the example to today's companies, they increasingly give the employees, the decision on what task in the pin manufacturing process they want to do, and the autonomy on how they should do it. The employees then will find better and more efficient ways for each task that they are responsible for, thus helping the company be more successful. And they are able not only to communicate their ideas for improvement, but they can implement it. This allows fast adaptation and flexibility for the company to customer and market needs. And the overall motivation and engagement of the employee will increase. In consequence, formalization in the way that people are told what to do, will be reduced in the sense that the rules and procedures of a company are not created by the manager but by the purpose and vision of the employees. If they are responsible for a task, then they will want to find the best way in doing the job to fulfill their purpose and vision. On the other side, the work itself and its outcome still has to be clearly structured.

Holacracy, as an organizational structure type, changes the setup of traditional companies as described by Mintzberg. Following is a comparison of the Holacracy structure and the traditional structure. The traditional structure is illustrated in Figure 1.

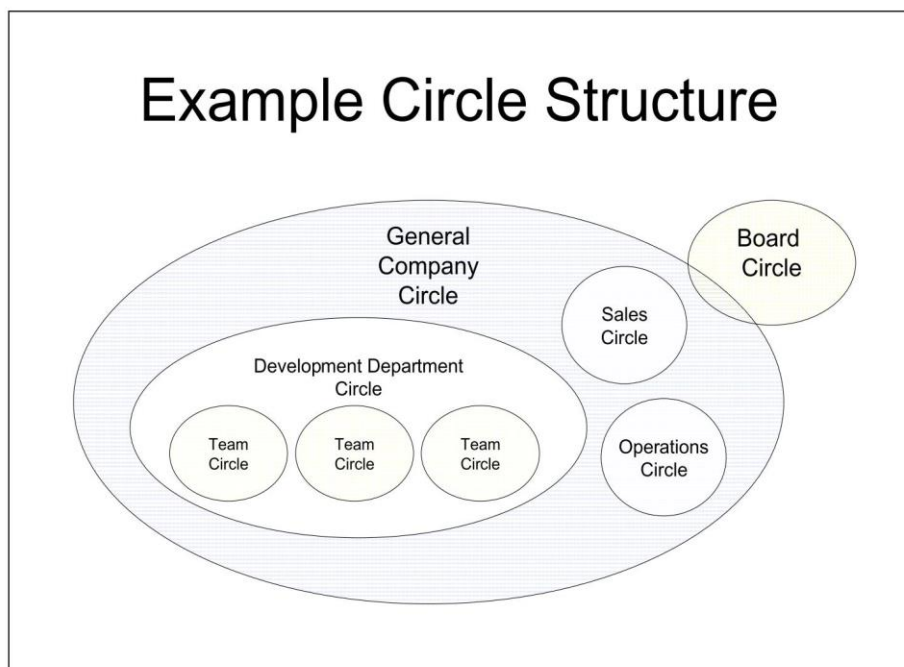


Figure 6 Holacracy Structure (Robertson, 2007, p. 10)

Mintzberg's five basic parts of the structure (Mintzberg, 1983, pp. 12–16) still exist but are structured in a totally new way in Holacracy. For example, a person in Holacracy can have a

role in the support staff (General company circle) but also in the operating core (operating circle). The tasks of the strategic apex are distributed throughout the whole organization as each employee can propose a new role at any time thus being able to shape the strategy. This makes the structure a living organism, which is a characteristic of the TEAL organization described by Laloux (2014, p. 73). Self-Management is the center of this type of organization. Some companies mentioned that Holacracy was only a step in the right direction. As soon as there is a new system they will adapt that.

The overall key finding was that both theory and the performed research emphasized the need of agility. Agility is increasingly needed in order to be more innovative and flexible, to enhance learning, to meet the needs of customers and markets, and to face the challenges of the VUCA world. Organizational structures have developed towards the direction that more and more agile forms are implemented. Agility is created by giving the employees more free-space and autonomy in contrast to the structure of the work, which should still be very structured. Through the right structure in the organization, and through increased autonomy of employees, there is higher productivity (Tse & Olsen, 2016, p. 271). It will still be important for employees to be guided through a leader. The leader will not tell people what to do but help and support employees in their roles and responsibilities. Through autonomous teams and individuals, the whole organization and its structure become very organic. This organic form is important for the VUCA world because it is not possible to know beforehand what the solution is but rather the solution has to be developed by each employee in the organization.

8 Conclusion

In summary, the fundamental idea of an organization is where people with the same goal come together to achieve higher results than they could by themselves. As the goal is a key part of an organization (Puranam et al., 2014, p. 164), people working together need structure to be able to achieve this goal and higher productivity. Effective structuring happens in the work itself instead of in people. A vital insight was that there will never be a pure structureless organization. There will always be some type of structure. However, the important point is that the structure is not found among people but among the work that has to be performed. People have to be agile, flexible and innovative to perform the work. This is accomplished through empowering and enabling people by giving them more autonomy and

decision-making power through structureless forms. Furthermore, the role of the leader should transfer from being a manager to being a facilitator for the employees.

A general rule could be made to give people more free-space, autonomy, and decision-making authority in order to perform their work. This is especially key as expertise is transferring from the manager to the worker. In this VUCA world, the need increases for more people to come together to have more brains working on the challenges the organization faces. The one-man command is outdated. The empowerment of the individual is the new way of organizing. There is no “one best way” for a solution, but employees in an organization have to discover their best way together. The organization should be a growing, living system where the ideas and expertise from each employee is respected and used in that growth. This happens through loosening traditional people structures, for example a hierarchy or a specific job description for an employee. Most of all, agility is a key competency which companies strive to increase through more structureless forms such as team working, open office spaces, free time schedule, etc. The traditional way of structuring focused on planning activities, performance management and process optimization, where the managers had control and decision power. The new way of structuring should focus on empowering and enabling teams and individuals, purpose and vision, and agility in order for the company to be a living organism to adapt fast to the VUCA world.

Limitations and Further Research

Because of the small sample size, the results are not representative but only give an insight on how companies implement structureless forms in their organization and their reasons for doing so. Further, the lack of resources such as the timeline for the bachelor thesis, as well as the limited access to well qualified interviewees, create a limitation. Therefore, there is room for further research on the same topic but with a larger sample size. A qualitative research would also provide additional insights on what structures companies currently have and what measures they plan to take in the future. This will also show how many companies are moving towards more structureless forms.

Additionally, a question arises what the employee thinks about increasing structureless forms. The employee is directly affected by the structure of his or her company. It would be interesting to learn how an employee perceives the change to structureless forms, if they like it, if they feel empowered and enabled, if they feel more innovative, and so on.

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Appendix

A Interview Guideline

Information about the company

What industry are you in?

How many employees do you have?

What is your core business?

Who would miss you if your organization wouldn't exist anymore?

VUCA World

How would you describe your business environment? Steady, dynamic, uncertain, fast changing?

Introduction of VUCA and based on that: What do you actively do to be ready for the VUCA world?

What capabilities are necessary for you to gain or maintain competitive advantage?

Structure and Structureless Forms

What kind of structure do you have? What are benefits, what are disadvantages?

What structureless forms do you have **or plan to have** in your organization?

Why do you have these forms? What purpose do they have?

Is moving towards structureless forms in organizations an adequate answer to the VUCA world?

Can you see structureless forms as part of your future strategy? Why? How can this be organized? Preconditions? Hindering factors?

To what extent is it important for all your employees to have a say? How is that related to your culture?

Challenges

What has to be taken into consideration to successfully combine structure with structureless forms? What challenges have you seen by implementing structureless forms?

Other:

What structureless forms would you like to have regarding your business environment?

How will your structures change in the future?

What role does organizational learning play in your organization?

B Interview Transcripts

Interview 1 / Company A

I = Interviewer

EA = Expert A

Time = Min:sec

2:08

I: Maybe at first, a few information about the company. So just going through the questions here. So what industry are you in?

EA: Well I'm in the Finance Industry I work with company A Bank and then I'm actually mostly last years active in the global risk area and the last two and a half years amongst others as agile coach. And before I was risk manager and before I was on the commercial side of the bank.

2:45

I: Okay, nice. How many employees do you have as a company?

EA: Worldwide 54000, risk wide I have no clue, but I think something like three or five thousand. But it maybe even more, depending on the definition. It should be more. Like 10 000. But overall 54000.

3:13

I: Ok. And so what is your core business as I guess company A?

EA: Well that's actually a difficult question cause if you talk to our CEO he will say we want to be a less form with a banking license, a digital platform with a banking license. Our core business can be split into two main activities and that is servicing the retail costumers and servicing also corporate costumers and we do that by on the one hand getting deposits in and on the other hand lending them out either towards individuals by way of mortgages or personal loans and to the corporate by way of lending, but we also do a little bit of MNA and investment banking.

4:26

I: Ok. Great, sounds good. Thank you for that. Here I have a question. So, who would miss you if your organization wouldn't exist anymore?

EA: Well technically, 38000 costumers, sorry 38 Million costumers worldwide and a lot of people that rely on our intermediate function, our specialized function in the wholesale banks we are number one finance bank worldwide and we have more of those specialties, so I think they would miss us and by the way in the financial crisis we are a strategically significant bank and during the financial crisis we had to be uphold with state support, so there's a lot that people would miss if we wouldn't exist anymore.

5:25

I: Yes, ok. Thank you. Coming to the VUCA world, VUCA questions. I'm not sure if you heard of that expression.

EA: Yeah yeah I'm familiar with that. Some write it with one C some with two Cs.

5:36

I: Okay, yes so the first one, how would you describe your business environment? Steady dynamic...

EA: Our business environment is highly dynamic, highly uncertain and now one step back, I'm working at this moment with the mobiling team those are people that are setting up the motorisk management oversight for company A and they are also delegating all kind of regulatory models for company A at this moment and that's business environment I'm going to describe. There's plenty of different environments but if I'm looking into the risk environments and the oversight regulatory environment where we're a lot depending on, that is highly dynamic, uncertain and fast changing. I have to give you an idea. Draft guidelines from European central bank are published and a month later they will ask you how you've implemented that. While they are not even formalized. So a lot of things are coming up, a lot

of things are changing. The role of the regulators is changing, also the role of internal/external editors is changing. We are because of the fact that we want to be a digitalized bank we see more and more models coming up so we have now developed strategies because we think we have 2000 models, and I purposely say we think because we don't know but we would assume that we'll be growing extremely fast over the coming five years to maybe 10000 models. But there's no oversight at this moment, no guidance no governance no structures no tools to really have a policy around that.

7:34

I: So what was that again, with the mobiles?

EA: Models. so we use internally in the bank. It could be real regulatory models that we need to have because of ECB but could also be customer acceptance models that are used in front office retail bank, could be even HR models to calculate the pension obligation of the bank, all that kind of models we're looking at are trying to create a governance for. In a environment that is changing every month, we get every month new regulations, we have four or five visits a year by the ECB with deep dives and investigation that also brings up new guidance and new requirements. It's quite hectic and dynamic and under a lot of time pressure.

8:29

I: Yeah that's crazy, I didn't think that. Okay, so, what do you actively do to cope with that?

EA: Well I think if you look at it, there are a couple of elements. One of the elements is that we want to be much more digitalized, so we want standardize and simplify products and automate where possible so that makes life a little bit easier. It's the main reason I think why we have introduced the agile way of working within company A a couple of years ago. We have much shorter interactive cycles to have much more empowerment on the working floors not on the managing anymore but just by the people that are executing it. Bringing people together from different disciplines to work on the similar problems and purposes to avoid lengthy workout handovers and other issues and we are trying to find more and more, ... and on the HR side there is a system whereby company A says, okay you have your current job but that can change so you have to be ready and prepare yourself with a Plan B for another job at company A and that doesn't automatically need to be a hierarchical stepping up but it could be a linear or a horizontal move into something completely different. But also as we are changing it can be that in certain areas we have to let go people when we draw in other areas so you also have to prepare a plan C for outside of company A and there's a lot of effort and money and support put in by the organization to get people ready with that.

10:29

I: Okay, great. So, talking about all these uncertainty and changing environment and all the things that you do, what are the core capabilities that are necessary to stay competitive?

EA: I think what is important to have the power of decision there where it can be taken so really have it in the right teams. Set clear boundaries for the teams, that's one. But give them a little freedom on how they want to reach their goal. And, have short cycles whereby if it doesn't work stop it and try something else so the experimentation continues improvement sight is important and what I notice now is this all sounds nice and you could make a nice picture and put it on a drawing board and say this is how we want to be organized but what is an issue is you have to take your people along and you really have to give them a lot of trust and confidence for them personally but what I've seen and I work with brilliant people, young people that have travelled half of the world but change is still a scary thing and changing rapidly and fast and everything is even more difficult even for these people. So the important part is to have a clear vision and I always talk about the cloud on the horizon so it's not a box so it doesn't need to be exactly spilled out what you need to do when but the people need to know where they're going and need to see the context, so everything they do. And the first thing you always hear especially in a fast-changing environment I need the bigger picture something that you really have to take care of on a regular basis you request that or you stop and for me I think the core issue is the people. At first you can build and with artificial intelligence you're more and more flexible but the people is really training them but

also the selection of the people, find the people that are flexible. Forget about hierarchal lines like business cards all that kind of stuff and give them the confidence that they can try things and that if it fails that's a positive thing and let them fail fast so that we can try something else, that I think is very important.

13:35

I: Okay, thank you. Coming now to the structure of your company, you mentioned agile working. I did read a few article as well on company As agile working. Starting with structure, what kind of structure do you have and what are the benefits and disadvantages?

EA: Okay the structure that we have now is agile and that means that we have so called tribes or groups with a certain focus and within those groups you have teams that we call squads and that are multi-disciplinary teams so people of different disciplines being brought together in one team with a specific purpose for a team. That's a core element to make it work. Physically located together and they are then guided by a product owner and the product owner is the person who determines what the team has to do in every active cicle an in every sprint and the team itself determines how they're doing that. That's roughly in brief the picture of the structure that we are now using and implementing.

14:52

I: Ok, just building on that. How does that look like throughout the organization, is that implemented in the whole organization?

EA: No, no, that's a little secret but company A seems to be agile but we startet at a domestic decision which is about 5000, 6000 people of the 54000. It's been rolled out in a number of countries, but I think there's still my guess would be 50% of the company A organization is not working agile yet. We have a plan to transform everybody and work all together but it's a massive operation because it means that people from different departments are brought together in one team and you need to have the space, you need to have the confidence all the managers need to like it because they have to give up control. Actually, if you want to do it well you don't have managers anymore, so you have to revalue them. But I think at the moment half of company A is really working towards it and we have guidelines where this is all much more explained much more in depth which are guidelines and no oric chart they have to keep and follow but that contains the core elements that could work or should work for each and every team and tribe.

16:22

I: With the areas where it is already implemented how many levels of hierarchy are there or are there no managers anymore?

EA: I think ... you have the squads and it's not really a hierarchy and then squads report to the product owner, so you have the tribe leads managers, so two or three levels max, up to the board. From the local level up to the board there might be two levels in-between max. You have the tribe lead who is formally responsible for all the squads in that tribe. He or she has a quarterly meeting with other tribe to align to make sure they don't do double things but also to make sure that its all aligned and that the dependencies between the tribes are addressed up front so that they can be solve before we see them. And the tribe leads are often one or two levels below the board.

17:20

I: Very interesting. Okay so...

EA: The word managers are also not used anymore, as you know we have product owners, we have tribe leads, we have squad leads but the word manager doesn't come natural anymore.

17:49

I: That's right. The word structureless forms what I mean with that is like more, like less structure especially in the hierarchy which I can see in your organization. So as I understood it right, the structureless forms in your organization would be the tribes and the squads that just have autonomy of working together, like deciding on how and setting their own goals I guess to work together. What other forms of structureless do you have, can you see in your organization, like maybe open office spaces...

EA: To take the domestic division. We have reinvented the whole office, the whole building. That is an open space, but also a lot of cubicle to have general meetings - we have flex places so you don't have fix space. We hardly have meeting rooms so everybody's meeting in general areas like the canteen or cafe, espresso bar nowadays, and company A is building a new headoffice which I'm not allowed to call a headoffice anymore because it will be a full campus style here in Amsterdam combined with universities and start ups among google, apple or amazon style offices.

19:22

I: Okay, interesting.

EA: And I can tell you that I'm working in a classical office and using agile and that's a big deficit, a big tampering element, because the work style is different and therefore you need different facilities you need different rooms or no rooms. The transparency and everything, the other building, is much more and the dynamics you see is really a significant difference than ... If you ever come across to the Netherlands or to Amsterdam, then let me know because I'd invite you for a tour to show you the difference in offices and what it really means if you work in what we would call a agile type office.

20:16

I: Yeah that'd be super interesting.

EA: Another example is, we work with stickies and follow up posties and all that kind of stuff so you want to have walls that you can hang full with those things. That means that a lot of the old-fashioned walls they had to be recovered by different foil which is expensive but it is happening and also all the glass walls we have are almost all filled with stickies and other attributes that we use and you really need a different style of office set-up.

20:47

I: So, did I understand this correct, your type of office is still different to the open...

EA: Yes, my office is old school, we try to adjust it a little bit as much as possible in this building, but it is limited so you will see walls are plastered with new... but the domestic division in Amsterdam they really have reinvented their office, they literally cut out floors to have open space and everything.

21:22

I: And will this go throughout the world organization as well?

EA: Don't think so. The agile way of working yes and the open space more and more but we do see cultural issues you do see ...I have to be honest there are countries where... In the Netherlands the general management all are on the same floor and they don't have own rooms anymore. The board of the Netherlands doesn't have a room anymore but if you walk there they still advice you to walk the way around because you disturb them but you could walk just pass them and they are there and open and transparent. I don't see that happen in Italy or Germany yet. But it's also culturally based. You will see open spaces, you won't see individual rooms anymore because we don't have any individual managers anymore. The people that are there are on the floor working together in teams so they need to be together, sitting together.

22:26

I: So, the reasons for these changes like working in agile groups and teams and also open office spaces and things like that. What are the reasons?

EA: I think the core reason at the end of the day is to service the customer better, in a more dynamic and uncertain world. There are three technically. One is faster time to market second is transparency and the third is also "delaying". Taking out management layers. These are the core elements.

23:15

I: And what are the disadvantages of the many hierarchy levels specifically?

EA: Disadvantages? The big question always is what is the added value of a manager. If you have a specialist group, so what you get often is you see that the middle management was a kind of a filter for what lived on the work floor to go up and also the other way around and they just did their thing and you had to follow and they also would determine how, so command of control, structure that comes with management layers, that the bigger thing.

And to be very honest and I think it's almost at every level the people that have to do the work know by far the best how they can do it the best as long as you set clear boundaries and make clear agreements on what they have to deliver, they are more managers.. .so 50 years ago the manager role was to have the knowledge and experience. so the knowledge is gone, my son knows more than the manager of company A for he googles everyday, everything you can find. experience is one thing but it's more and more content related if you see how we work it's all project based and its all content based. The scope of management is big that you can't be the experts anymore. So lets leave it up to the real experiencing and guide them and motivate them stimulate them and correct them when it's really wrong but let them grow. That is the most important role of the leader we have nowadays and set out the vision, the bigger picture.

25:22

I: That's a really interesting point that I haven't thought of really that the knowledge and expertise is moving to the employees and not the managers anymore.

EA: That makes a big difference.

25:33

I: Yes

EA: On the knowledgeable boss, he can have added value because he says this is how it works, now you don't have that anymore.

25:47

I: So, looking into the future, I don't know, do you have plans as a company to even go a step further than agile teams and such?

EA: No at this moment let's say to roll it out across company A is already a big challenge. What you also see at certain levels of people do it kind of KPI. So we have introduced agile and implemented agile but they are not agile yet but to be really agile in their mindset and flexible and allowing people to fail and stimulate that that will take a number of years. I'm sure though that when we're there then we'll take a next step. No idea yet what the next step will be but this is definitely not the end.

26:47

I: So it will just keep evolving.

EA: Yes it will keep evolving. If it will go into the whole Holacracy type I don't know. One of the things you have to realize is that we're highly regulated so some things we'd like to do because it's better, more effective faster we can't cause the regulators won't allow us, it might be in that area things will develop when they see that the information is there more and more they might be less scared of having all the people working together and having clear split of responsibility. but for now that is an limiting factor but I know for sure that pockets of company A we will go further than simply the agile way of working. Cause it's almost it will be almost an autonomous movement because you give them so much freedom and create so much energy on the team level so they will never, the point is that they can't go back. A team that has worked for three years agile and are really agile and you give them a manager, they will never go back and will want to continuous improve. It will be less of a shock of what we have now with agile which is really a culture shock and a tremendous great step but I'm sure that the agile in five years from now is completely different and doesn't look like the things that we do now or the ideas of the future.

28:25

I: So maybe a few words on structureless but still structure, so my topic is like structureless forms which I can see in your organization, compared to others though there is still structure in your organization.

EA: yes partly because of we're in a transition and partly because of the regulators that forces us to to the structure but what is also fond is even with agile you have all kind of routines and tools to create structure and to have the team work together as a team people need a bit of structure, a bit of routine. So that's why you have daily stand ups and respective meetings or review meetings and demo meetings. But we try to limit them as much as possible. But at the end of the day because also we are a large organization so you have a tribe to make sure that all the squads work together and you have quarterly business

review where all the tribes come together to make sure that there is alignment and that there is as I said insight in what others are going to do , so that more the communication stream and the agreement on who does what that you need. So those structures are still there for large organizations I think.

29:52

I: So the idea of totally going structureless is not even a healthy idea, right?

EA: Well, I don't know because the question to raise is is the organizational set-up like a bank sustainable for the future? And I don't think so. I think at the end of the day that's where our CEO goes to we will be a platform actually kind of digital technical thing where all kind of units will be on playon. That can be company A, that can be other things and then do we need a big company A or could you have all kind of small teams that do their thing? And that's the question I pictured the idea a couple years ago that you have 20, 30 different companies within company A that all do their own thing and maybe use the company A brand because its full but they are independent units and those could be much more structureless. And they could be much more based on what for me Holacracy now has the least structure organizational set up. But on the other hand, silly thing, but if you have, if you come to do something with your friends, there is also a kind of structure being created. Be it on purpose or not, so you always need some structure I think for people to work together.

31:32

I: That's right ok. So, thank you so much, this has been really interesting. Maybe just one more question. Who has been a role model, a other organization that you look to for these?

EA: That is a very simple question because what say is that we have adopted the spotify model and that's true because what happened five six years a ago the board of company A went to Silicon Valley they also went to Sweden and met with spotify and then the board of the Netherlands, so not the overall board but the two CEO and the CRO of company A domestic devision said we want to do this and the CEO of company A said its your responsibility, because if you believe in it let me show. And then this happened, so this really ... so we still call it the Spotify model. The fun part is that Spotify says that we don't have a model because they are scared of being not structureless, but this is build around the spotify model and there, what is found... there are two things that may be interesting for you, there is a Youtube video on agile company A which simply explains how it works with all the different structures, but you also have a guy called ... you google him with agile. He used to be one of the lead developers of agile within Spotify and he has all kinds of animation movies on how Spotify and agile workds, how the roles are.

33:35

I: Alright, I think that has been it. Very insightful, very interesting, very helpful as well.

EA: Maybe one last thing because a big the question you didn't ask, does it work? The key question is always I don't know. But I have my own experience because within the domestic devision they have the whole mortgage structure in agile way so that the people that develop mortgages that right the language, the legal side, the call center the digital side, they all work together. And when I had to redo the term. In the past it would be, calling someone and they would send you the forms in a month and then you would have to send them back and then they would send you long calculations and you send them back again. This time I had to call a lady at a call center. And in 5 min they had the new terms, we had the agreement and while we spoke I got the confirmation by e-mail. So, she had my full information, she knew exactly how my mortgage looked like what all the terms and conditions were, but she had also the power of decision to decide and she triggered everything so that for me was the real personal experience in saying bringing all those people together and empowering them to make decisions, that help customers, that was a real real customer experience on that one.

35:08

I: Great, so it does work.

EA: It does work. At least from that side. The things that I'm working with also works.

35:18

I: But any disadvantages?

EA: Plenty, plenty. It's more chaotic. If you do this in an organization that is not fully agile than you have a lot of itchy elements cause other people work old fashioned and they don't know if you pick it up immediately, it requires a lot of discipline of people and creates a lot of transparency but not everybody likes that. So it's a transformation, so it takes a lot of learning. You go through a cycle where in the beginning the people are very enthusiastic and very eager then they drop and start complain about the number of rituals you have and all the time they spend in those rituals and it doesn't work and they pick up again. This is a six to nine months journey to start with on.

36:14

I: Yes, very interesting, and again the people are really the important part.

EA: Yes they are essential in that. The rest you can standardize and automate.

36:24

I: Ok, well, thank you for that last question. Any other thoughts, otherwise I would be also finished in my side.

EA: No. Perfect.

36:37

I: Thank you again for your time and the flexibility that you had, I really appreciate it.

EA: You are welcome. Good luck with your survey and everything.

I: Thank you very much.

Interview 2 / Company B

I: Interviewer

EB: Expert B

Time: Min:sec

EB: Thank you for being here. We gonna have like this little chat. I hope this can be somehow possible with this Google hangout. Maybe just that you know who I am. So, I'm one of the ones that usually do this kind of interviews. I'm personally one of the founders of the companies. So, I hang around here for quite a while now. I have dealt with many of these questions I guess you gonna have. So, about governance about distributing power, about another way of looking at organizations. I hope I really can be able to give you some answers that could be helpful for your thesis. So now I guess you just shoot with questions. The floor is yours.

1:30

I: Ok. Maybe just generally to your company, just a few introduction questions. So what industry are you in?

EB: We are customs software development, web mobile and stuff for usually major swiss companies. That's our main market focus.

1:54

I: Ok, and how many employees do you have?

EB: 160.

1:59

I: Ok. So what's your core business?

EB: Custom software development. That's our industry... we don't have a industry focus. So, we work like retail, banking, insurance, industry. So, we don't have a focus on an industry on a particular one. What we do is customs development software. So that's about it. That should cover both of your questions.

2:30

I: Ok. And jus concerning your business environment. Quick question. Have you heard of the term VUCA? V.U.C.A.

EB: Yes I've heard from that. You sent me the mail with your questions, but I had to google it again. I think I googled it a few years back but, yes I see what's your point. Its about volatile, stable, what are the 4-5 words?

3:05

I: Yes. That's volatile, uncertain, complex, and ambiguous. So its really just the, a very uncertain environment. I just wanted to ask what your environment, business environment like?

EB: I mean, from our point of view, some things seem quite stable. I mean revenue stream or client relationship, that is stable. We work over years with the same clients but do completely different things. Every few months we touch new technologies and new subjects. Our relation is stable market itself is very volatile. So what we do usually does not have a very long life-span because its too fast, you have to adapt all the time, so its both. Its stable in terms of customer relationship but very volatile in terms of technology and business set up.

4:15

I: Ok. So with this, especially technology, its known that the environment is very volatile, its true. I just wanted to ask you what you think are the necessary capabilities for your employees to have, to be able to compete or to...?

EB: We condense that somehow in our main strategy, that would be "being able to deal with whatever comes tomorrow" we don't know of. So its being able to adapt. That's the most important thing. Because I don't know what its going to be, so we want to just to be able to deal with whatever comes. That's the most important asset and capability each and everyone should have within the company. So the company as a whole should be able to be all the time adapt but at the same time, but that more of a cultural perspective. It should

protect the individual, because the individual does not have to be an entrepreneur 100% of the time all the time because that the company can deal with lets say with this complex sitie to the outside world, but within we want to be somehow safe. An individual has to be safe within the company to be able to adapt because if he is not safe, he wont be able to adapt because ... so its both, its being safe and being able to adapt.

6:01

I: Ok, thank you. Just a quick question in between, I forgot to ask. Do you mind if I record this?

EB: No, no problem, go ahead.

6:10

I: Ok. Thank you. Ok, so talking about the environment. Coming to your structure now, Holacracy, can you maybe briefly explain how that work with your company with your organization structure?

EB: So how it works for us?

6:32

I: Yes, what structure you have like Holacracy and how it works for you.

EB: So maybe I have to start with when it began and what was before. Because we had some informal sort of organization culture structure before Holacracy. We implemented Holacracy 2 years ago, in 2016. Just that you know, it wasn't really disruptive because we were somehow very decentralized and with distributed power, so it was not highly disruptive. It was a rather big change, but it was not that disruptive I guess like it was for other companies. For us Holacracy I guess helped a lot to clarify what was informal or at some, what sometimes too informal before. So Holacracy added a lot of clarity. Because Holacracy mandates you to be clear and transparent about things, whatever it is. Role accountability, metrics, checklists, projects, you have to be transparent. And Holacracy really helped us more specific more clear about what's really going on within the company and we didn't have that before. What we had was some home grown self-organization way of doing things. But it was very very informal. That had its limits. It was charming but also a little bit chaotic. And Holacracy really helped us improve on that aspect. So be way more clear about things, expectation, about what going on, about cycles metrics, etc. that's really a great thing. But if you ask me, yeah but how did the company changed since we already were somehow distributed, it wasn't that big disruption like it was for other companies that had a traditional hierarchy. I think that's a complete other story. I think its not ours. Some sort of disruption, yes, but we also stopped with management. We had management and we stopped that. That was the only hierarchy we had. And that was a formally removed by the end of 2015 and that was lets say so the biggest structural change. But that as well in the past management only some sort of management by veto. They didn't decide things for others, they only took the opportunity to veto things which almost never happened. So, I don't know if I respond to your question. So, it works for us, but it works better and better since we have more and more expertise. It wasn't that way in the beginning. Because in the first few months it was really, like, it was heavy it was difficult, we had to learn so many things because its so different. They way you actually act within meetings, etc. but now its really helpful because it clarifies so many things that weren't clear before and the decision making also another aspect that was difficult in the past. Because we were too democratic too consensus seeking and that really made us slow at some point. Because if you are too democratic you won't take decision anymore or they take way too long. So, we suffered a little bit from that. So now with the socialcratic aspect with Holacracy we are way faster in taking decision and we are way more transparent about the real way to actually the company works.

10:26

I: So maybe could you just mention what is Holacracy, or how is your company structured? You said...

EB: So Holacracy is a organization of work. Its not an organization of people. That's a main difference. Traditional structures organize people and they have very specific job description and these job descriptions are static. That's not like it is in Holacracy. A job description is not

static, its volatile and you may have several job descriptions and what ever job or role you have you have the complete autonomy and authority to act within this role as you think is best. You don't have to seek consensus to make decision, but you might be stalked by your peers if they can prove that you are doing horrible. And that's completely different. So, decision making is different and distribution of power is different. These main things are completely different to traditional hierarchies where you have a hierarchy of people and power goes up, power is cumulated. That's not the way it happens in Holacracy. Its decentralized and autonomy and ... the power of taking decision is completely decentralized within the role holder.

12:05

I: Ok thank you. So, coming to the expression structureless. That's, what I mean with structureless was or is that the structure for example from a hierarchy is changed or loosened, so that more responsibility is distributed to the employees and things like that. Or another structureless form for example would be as well open office spaces or no fixed time schedules. So what kind of structureless forms do you have in your company?

EB: So, we have a few things that are as liberal as they can get. Let's take spending. If you joined our company, you can spend money without control and without limit to accomplish what you have to do in your role. That might sound insane, but it isn't. Because you are in a role and you have not only the responsibility but the power from end to end to accomplish whatever you think is needed within your role, you actually start your brain and you think from A to Z. And that is very helpful. So, we have a spending policy that basically says do what ever you think is best. No one is going to stop you. And in return we get a very lean bureaucracy because there is almost none and we even think that we spend less money than in the past where we had budgets and processes to validate. That changed because you are not only responsible you are actually in charge. And that changes quite a few things. So, if you talk about structureless that might be something that you could call structureless. Or let's take something else. How people show up, when they show up. How they plan their daily work, their life, their vacation, it's up to them. They deal with that decentrally within their circle. They adjust whatever is needed to adjust within the circle to be able to take a few days off or your holidays. There is no rule what so ever about your vacation about your ... you can even change the rate of employment every 3 months if you have to because maybe your kids change or your schedule or your wife starts a new job or whatever. Further education. So, people can adapt their rate of employment on their own. There is not approval mechanism or what so ever. Just deal with it within the best interest within the company.

15:15

I: Yes, thank you. Those are...

EB: That being said, within Holacracy the structure of work is very explicit, is very complete, is very demanding. Because you have to be transparent about what you do, because otherwise you there could be anarchy which is you can do whatever you want without telling anybody what you do and why whatever. That's not the way how self-organization works. You have to be explicit what you do why you do it and what purpose it serves. You have to be clear about that. So, the organization of the work is quite heavily structure. I guess even more than a traditional company. But from my perspective that doesn't hurt because it's a good thing to know why your role exists, what can I ask from this role, what does it do actually to have some tips, how to improve, etc. These are good things and its part of Holacracy to be very close to reality because the company charts are way off reality. You know that other assistant at some point is very more important than its chief or you know what I mean? Traditional company charts might be way off reality and Holacracy tries to be as close as it gets to reality of your structure, of your responsibilities and accountabilities.

16:44

I: Yeah, and maybe when one of the last questions now from my side, concerning structureless. The concept of structureless there are forms that you have like the scheduling or the holiday taking and things like that. Do you think that in the future you will implement more of those freedom policies, I guess? Like loosening those kind of structures.

EB: I mean we strongly believe in the fact that people can be very independent because they have to be anyway in their private lives. They have to sign mortgages, they have to decide who they want to marry, they have to decide who they gonna... if they going to have kids or whatever. Those are really important decisions. And as citizens we have to be quite independent. Its demanding a lot from ourselves. Can we as a company profit from that fact? We didn't it in the past as organization because we have see employees rather as kids of some patronoistic bosses than adults that are actually capable of taking important decision for an organization. So if you ask me if we want to have more of that, YES of course, as much as possible. Then you also have to have an organization that serves a certain purpose that's owned by the employees, I would say because otherwise I don't really see how you going to be able to do something for a company if the company is someone else's. You have to deal with that fact. I think that's what we actually do, we only have shareholder within the company. You only have share if you are an employee. If you leave the company, you have to sell the shares. With that we increased the probability that people actually believe that they work for their own and not for a Maserati of some general president of whatever. So, if you change that culturally, we want to have more of self-organization liberty but also ownership. And it's important to talk about ownership. Who's company is this? We still have the issue that we as founders, we are four founders of the company, we still own the majority of the shares. But I guess at midterm we have to decrease that so that its more wide spread because for me personally it would make sense to go further and lets say no person has more than 5%, because that does not make sense, otherwise you think you work for someone else. That's the future, that's not where we are right now, but if you ask me if we want to have more of that, yes as much as possible. Be as autonomous, fast, independent, mature as possible, as individuals.

20:10

I: Ok. Maybe another question, the last one. As you implemented Holacracy, did you find resistance from certain employees, or any challenges?

EB: When we adopted Holacracy we adopted it in a let's say, we wanted to make it smooth. So, we said we are engineers, we like to test things and lets make it a trail run and figure out if that works, but only the ones that are willing to, but that was a rather mess. Because we had a few months of confusion and that not really helped that we said, yes try it out, but that didn't help. So, we had to be more severe more clear about that and we said, and that was the last top down decision. This structure and this tool and nothing else. So, deal with it. And after a few months after having had way too many expectations about the system its going to resolve everything and whatever you can imagine. After having experience that a few months it was a hard to find then ok we have to move quite some things, ok we have to get better, we have to learn a lot. We had a survey like 10 months after the introduction of Holacracy where we ask people about Holacracy. There was a lot of criticism there was a lot of this thing does not work, that sucks, but there was also a question that was do you like Holacracy. And 88% of the people responded to the questionnaire I like Holacracy. Despite all the things that we didn't know then and we didn't really, couldn't deal with stuff that didn't work. Generally, people said we like that and we are going to continue, and I think today I guess you would only find very few people that would say it sucks, it doesn't help me, I don't care or whatever. I really guess that over 90% are somehow convinced or accept it and are pretty much ok. In 2016 on person left explicitly because of Holacracy but in the main time one of the founder came back. We are again all founders operationally within the company. So, for him, it became very interesting to join the company when we changed the governance. And then since then we had, that the other side of the business the whole story. We had so much visibility in media, television, radio, everywhere and that attracted many many interested people. So, we had a lot of interested candidates and it was a huge success from an employer branding perspective. It wasn't our objective at all by the way. It was a nice side effect. So, if you ask if, yes there were people that were frustrated, only very few, I think a handful left the company because of Holacracy or because of fallouts I would say maybe 2-3 people left because one I know of just came because of Holacracy and since we had it it gave us a lot of positivity in the employer market.

23:56

I: How long do you think you will run with Holacracy?

EB: I have no idea. You have to know that Holacracy is really, is just, it's an operating system, Holacracy. The Apps are done and done and done again all the time because its volatile and that's due to circumstances. And that is great, so as long as the basic operating system, that's the Holacracy constitution is good enough we won't change that basic infrastructure or that basic system. And you also have to know that Holacracy itself evolved, we used version adopt one, we going to adopt 5.0 when its going to be released I guess by the end of this year. So even the basic operating systems Holacracy evolves with time and our Apps on top of it change all the time anyway. So, we have from now a really great system from my perspective that should be able to deal with quite a lot of situations that will come up in the future. So, for now I would say its safe enough to go on with that, it won't be that wrong, or I couldn't imagine something different than that for now, its good enough and we are going to stick with that. I think for quite a time.

25:37

I: Alright, thank you. Those were the questions from my side.

EB: Thank you.

Interview 3 / Company C

I: Interviewer
EC: Expert C
Time: Min:sec

I: Einfach jetzt am Anfang wollte ich einfach so ein paar Grundfragen über das Unternehmen stellen, für die Sie arbeiten und wollte einfach anfangen mit der Frage ..., also passt das wenn wir es in Englisch machen?

EC: Ich nehme an weil Sie es mitschneiden oder?

1:06

I: Genau

EC: Wir könnens gerne in Englisch machen. Kein Problem.

1:14

I: Ok. Auch weil ich es auf Englisch schreiben.

EC: Ja kein Problem. Wenn mir ein paar Wörter fehlen müssen Sie mir helfen. Sie sind ja halb nativ oder?

1:29

I: Halbnativ jaja. Kein Problem. Kein Problem. Ok, so the first question I would ask is what industry are you in?

EC: Basically, company C is within the telecommunication industry, mainly serving B2C and B2B customers. If you need ... go onto the official website and if you click through about company C then you have all the details if necessary, so there is more detail on the website.

2:04

I: Ok, yes. That's right

EC: There you will also find the next question that we are as of now October 2017 as of now we are 900 employees and the core business that we are in is that we are offering internet and telephone products which is mainly part of the focus B2C units and is based on fiber network which brings of kind of innovative advantage compared to other operators in Germany. Talking about the B2B area we are offering mainly internet access products such as direct access for small medium large enterprises, VPN networks but we also have data center capacity in terms of housing facilities and we are also offering individual networking solutions based on the request of our customers which are from BMW to smaller companies. B2C is mainly internet and telephony products like Deutsche Telekom, 1&1, Vodafone and so on and so forth and B2B we are competing with G systems all the solution houses which also offer telecom products and solutions.

3:39

I: Ok, great. And to the next questions. Who would miss you if your organization would not exist anymore?

EC: In fact, the key customers I guess. We have around 450000 customers where the biggest part is of course B2C with around 350 000 and the rest is 100 000 B2B and some smaller hotel businesses which only a small amount, which is not considerable big. 450 000 customers, 350 000 B2C 100 000 B2B.

4:19

I: Ok, great. And, are you only in Germany located?

EC: We are ... yes we are only in Germany and we are even in Germany only in Bavaria with the exception eliot of ... which is in Hessen, I don't know Hessen in English, ... we have the exclusive rights there to provide all customers with our infrastructure and they buy the product from us and mainly we are focusing even only on Bavaria region.

4:53

I: Ok.

EC: It is a comparable model, I don't know how familiar you are from Austria or how familiar you are with the German market. There are big players like Deutsche Telekom, Vodafone, 1&1, and then there are small regional ones, which are company C, net cologne in the Nord-

Rein-Westfalen area and EWE trail in the northern part of Germany, and they all belong to some kind of power utility background shareholders.

5:24

I: Ok, alright, moving on. Have you heard of the expression VUCA before?

EC: Of course. Of course

5:32

I: Ok, now I just wanted to ask these questions here under the VUCA topic. And here with this question. How would you describe your business environment, steady, dynamic, uncertain or fast changing?

EC: If I have to focus on one or two for words I would say by no means steady, it's I think it's very dynamic, competing with players like Google, Apple even Amazon. Could be a big threat for the whole tech industry is uncertain. I wouldn't say it's fast changing. If you ask some tech people in Germany they would probably say it's very fast changing but that more the theory. I think if you see the reality there are not that many disruptive moves in the last five to ten years. Maybe some but not that much that I would say it's fast changing. I would prefer to say it's dynamic and uncertain.

6:37

I: Ok. Alright. And then also, yeah, based on that so what do you actively do to be ready for the VUCA world, I guess.

EC: Not very much. No, it's, we actually see that the topic is coming and growing and that we as a company have to deal with that but we are kind of frightened to make really major steps from my perspective, I don't know, that is my personal opinion. So we have small plans growing using agile methods in IT development and we also try to manage some Company C wide projects in a more agile mode like, having come on board and having weekly prioritization sprints and so on and so forth, but it's not very common in our organization to really say that it's completely implemented, that's not the way. We also have done some design thinking approaches like customer journey modeling, idea creation about employee satisfaction, so you need a specific content topic and then you try to use different methods to find good solutions for that. Other reasons are also part of addressing the VUCA environment. Something that we are quite good in, I don't know if that is specifically VUCA, I think every company should do this in a certain way, if you are in contact with customers is, that we try to be continuously in touch with them, either through specific services that we are doing like satisfaction services, where we do once a year very representative one, in our customer base with our competitor to see how loyal how good is the customer intimacy the customer involvement index on the one side. On the other side we have the customer satisfaction service on a day to day basis, like if you have contact with our shops you then will automatically be routed to a survey via email where you are invited to make some short tick in a box how satisfied your opinion with a certain area. The same we do with our hotline. So I am responsible for the hotline and also for other management. So if you have a contact with a call center and afterwards you will be able with a telephone interview where you have to type your number in on your smartphone, yeah on your phone how satisfied you are. So this brings us up to 1500 measurements points per week over the whole company over the whole journey. I think this is something where we are a little bit in front of others, so we have at least on a quantitative base a very good impression on how the things are doing from the customers perception.

10:02

I: Ok. Ok great.

EC: Regarding. Another point, what I prepared from your questions, from organizational point of view we always think about new constellation of inter working, not only on project but also how can we shape the organization in a modern way going back from hierarchy structures we actually have to come to more flexible structures. But this stays at thinking level. We are not implementing yet.

10:35

I: Ok, so you are in the planning stage.

EC: Yea, defining stage. I would say you have a decision to do this. I think we still not have the decision to do this because we are very much in hierarchy structures in our mindset in our culture. So we know that something is happening and we know that we should do but its, it German I would say "it's the unverbindlicher konjunktiv: man müsste man sollte man könnte." But we are not that good in executing these ideas, or at least are really 100% willing to change that because it's a long word and ...

11:27

I: Ok, maybe I forgot to ask, maybe you could state your name and what your position is or what you do. I forgot to ask that in the beginning.

EC: Yea, my name is expert C and I am responsible for the whole customer service within company C. Which reflects four teams and 170 employees and we are dealing with automanagement for B2B and B2C processes and the whole call center and infrastructure for B2C. That is the main responsibility we have. We also have an outsourcing partner in Leipzig and in Romania where additionally 70 people are working for us, mainly in call center area. So it's a hard of operation. So the sales guys bring all the orders, we process them and then my technical colleague is responsible for connecting the customers to the network and that they are able to call and so. So we are in between the whole process of company C.

12:45

I: Ok, alright. So, you mention your structure already, its quite hierarchical, if that is the right word. But how does your structure look exactly, or how many manager levels are there or divisions. You mentioned three even sales, and then you as a customer contact and then ...

EC: You mean in my responsibility or in the whole company?

13:08

I: In the whole company.

EC: So the whole company has 2 directors, "Geschäftsführer" who lead the company, CEO and CTO. The CEO person in parallel responsible for the finance issues. So we recently changed it. There were three C levels with a CFO, but this is integrated with the CEO role now for half, since six months ago. Beneath that we have my level the vice president structure where we are ten people. And then we have around 60 "Abteilungsleiter", how do you say this word in English? "Abteilungsleiter". Head of...

13:58

I: Line Mangers?

EC: Yea, let's say head of, head of is the right word for that. Then below additionally have around 60 more "Teamleiter" which are just teamleaders within the departments in the vice president areas. So around 130 leadership people, which is a lot for a company like our size I think, so we tend to reduce the span of control in the next years. This is one of the goals to be more, yea flexible and have directly contact to the people who really have the expertise and the competence. And to reduce the overhead.

14:45

I: Yeah, what are some reasons why you want to do that to like lower the span of control?

EC: The official one is to be more flexible. The unofficial one is to really reduce overhead cost and find out what kind of person we need to be ready or the future and to sort out some team leader which are not reflecting the way we would like the leaders to act and behave because they come from an employee part and have a certain expertise and then they get promoted to a kind of leadership position but they don't want it and they are not good at it they primarily don't want it because they are primarily on the content side and expertise, they are more experts than leaders. And that is a reason why we want to reduce it and just only have these persons in a certain role which are willing to change things and to lead people and to have the skills we need for that. And of course, it also a cost issue.

16:02

I: Yes, ok, maybe moving on or building on that, here a question about what capabilities are necessary to gain and maintain competitive advantage? Or what capabilities are necessary for this VUCA world for you specifically?

EC: I would divide it into four parts. The first one from our or my point of view is the technological one. I think we urgently need to stay ahead on fiber network bents from

customer point of view, so we have the superior technology from that point of view. Let's say the cable market moves up to 400, 600, 700 Mbit/s which they offer their customers, we need to be one step ahead and offering 1000 and 1 Gbit. So we need to maintain that technological advantage because that's the reason why we can argue or we can justify higher price. Another one is technological. From the customer point of view, its number two. I think its mandatory to continuously answer the customer need. Provide pure internet access and what comes along is it a smart phone is it a security issue is it some additional services he needs and then coming from that knowledge you have to create valuable offer for them so like handlings of something or the customer perspective is one where we can make a difference. The third one is then, comes along with what I said before. The differentiation issue. I think due to our regional approach we can afford some things where the big player are not able to do because of their size. So we need to leverage and expand these regional player approach like some corporate responsibilities issues for local authorities or for local institutions or for communities or whatever. So we can do this on a small size market in Bavaria and can differentiate against others and Deutsche Telekom could not do this in that way because then they have to do this in all regions in Germany and that's kind of expensive for them. So differentiation is number three, and number four is maybe one of the important things the employees. I think we and also some other players need to find adequate answers to win the war for talents, like you.

18:57

I: Sorry again. To what? To win?

EC: So we have to find adequate answers to win the war for talents, like you guys.

19:14

I: Yes. Ok, very interesting. So you said you still have quite a hierarchy in your company but you do have teams. I guess I just wanted to ask concerning structureless forms that can be related to hierarchy but also to other forms of structurelessness, maybe one example is open office space or unlimited holidays like, what other structureless forms do you have, if you have any?

EC: To be honest we do not have that many structureless forms. Of course we have home office, I'm just using it right now. We move to a new building end of the year and then we have more open space offices with communications islands where you just can have a short chat or with a informal area with barista and cappuccino bar and very modern atmosphere where we just can be open for discussions for short meetings and alignment across the teams. Unlimited holidays is unthinkable for us. We even still have "Zeiterfassung" time I don't know "Zeiterfassung". So the people come in and just say now I'm in, now I go for smoking, now I'm out, now I have lunch break and you have a table on all your times. Not for me but on a normal employee level we still have that. So we need to overcome that. From my perspective we need to overcome that. More to a confidence work time and not be, be more result oriented than time oriented presences in the company. I think we will focus more on agile teams. But mainly in the technical areas and departments. Yeah, that's something what we have in mind so it can be realized. I cant think of any more.

21:33

I: Ok, so structureless forms are just like in plan right now and moving towards those like more open office space, I think that is a very common one as well, and also agile teams and things like that. And I guess, ok, so you, I am just trying to think. So the open offices spaces would improve communication, informal communication especially.

EC: Alignment on specific topics

22:14

I: Alignments, just to be...

EC: Speed up decision hopefully.

22:18

I: Ok, yeah, ok. And, yes, I'm just looking at my questions here. You did mention already your plans. Do you have any other plans coming up? Like I guess you did mention quite a few.

EC: No, I mean structureless forms... For me its difficult to understand what is meant by structureless forms. From my point of view its all about involvement of people, empowering of people. Open information and communication which is under the umbrella of VUCA maybe. But that, I think its an attitude on a leadership style. And if you name it VUCA, if you name it differently, there are so many buzzwords in the last years about how to make people do what they intrinsic want to do. And not give the clear targets and just measure the fulfillment and have KPI reports and so on. I think that's old school. The new way of leadership which is urgently needed by the fast-changing environment that we are in more or less all industries, really much depends on the way the leadership skills are used and how to make people more committed to the company. I think commitment is a good word in English, where you don't have a proper one in German.

24:13

I: Yeah that's right. Ok, so what challenges do you see will you face in implementing I guess more freedom for your employees like open office spaces, maybe not that much fix times that they have to work? Do you see any challenges? I think the challenge is only people wise. And its people wise from the leadership people. They have to, let me think how I can try to connect the best way. As I said, they have to let the people want and what they are able to so they need more trust in their people and they need to refocus their own role. Its like an enabling role, giving the wide conditions to work in the best way and really to correct in some ways when some somethings might go wrong or might go in a different way. So its not like I am the boss I'm telling you what to do and then I check if you did what I say, and if not you have a problem. I think that's not the way for the future. So it's a thing where the leaders have to reshape their own responsibility and their own role in the whole company. And the older they are the more difficult it probably will be to change themselves. I think the young people who come out of university are use to some ways of interworking and cooperation and they are not that much focused on structures and hierarchy and, yes that's the leadership part. And from the employees part of view you obviously offer of course the employees who are willing to use their freedom which will be given to them by their leaders. So if they are used and just go to work and I sit on my chair and my boss comes to me and tell me what to do, I have to fix it until 5 o'clock in the evening and then I go back and then my real purpose is when I'm outside the company. I think that is a different type of employee you also need. You really as a company you have to find, you have to analyze those ways. You have to analyze your leadership structure and your leadership people and you also be very honest on your employees, because there are still people who have a 9-5 mentality and don't want to think left or right their box and just want to have clear instructions what they have to do. So that's also my perception on reality. There are not all creative and out of the box thinking and no time limitations, they want to come to a company. They don't want to work at the park or in a café or a coffeshop or where else a working space whatever. They don't like skype conferences they don't like be connect only via telephone with their buddy. They want to see them in the kitchen, in the company. They want to have their lunch break. They want to sit at their table and eat with their colleagues and discuss some other things. There are different types of leadership people and different types of employees. And I think the company will change their culture, which I think is the main part of it, they really have to analyze their structure inside before they implement some new methods or some technologies which easily enable those kinds of forms.

28:07

I: Yes, ok. Thank you for all those answers. And let me just see if I have here another... So I guess, the, my focus on, or my research for the bachelor thesis is going towards structureless forms, is that a good answer for the VUCA world? What would you say?

EC: It's a part of the answer. But it has to fit to the company.

28:40

I: Ok, yeah.

EC: So really as I said ... Yeah I think structureless forms as itself is not there yet. So it has to fit to the business that you are in, it has to fit to the culture of the strategy, to the culture of

the company and you have to match strategic issues with the way of addressing them. Maybe with structureless forms of interworking. You can put it into those words, yes.

29:42

I: Yes, ok. Alright.

EC: I personally think, just one word, I personally think that there always be some kind of leaders in a company. I do not think that is a valid model to have to structure or hierarchy. That everything is open, everything is agile, everything is cool and lets do and see what the problems are. I don't think that is gonna work. I think the more important thing is what are the roles of the people in the organization. So you can have a leader when he see himself as a mere enabler than just a pure decider whose not working anymore, and their behavior the behavior of the leader makes a difference. If you, in the future you have to focus very much more on cultural issues rather than on pushing KPIs. Because I think when you push the culture you have an eye on that, the KPIs will suddenly develop itself. So if you just only look on the KPIs regardless of the motivation of the team or what the problems are within the team between the teams, then the KPIs will go down. I think it will always have a leader, you will always have some kinds of structures of, on how to deal with problems with issues and new opportunities but the key success factor from my point of view is to find the right mix of all possibilities.

31:15

I: Yes that's true. Ok. Alright, so I'm just looking at the four points that you mentioned from the capabilities. Like the technology, then also being able to fulfill the customer needs and to be... to have that differentiation and also to focus on the employees. Does structureless forms support those? Like, we talked about empowering employees that that loosening more structures will empower more employees and such.

EC: I think they could. So if you have, I mean, from the employee point of view of course, if you have open spaces people will talk even more to each other on different topics. If they just only talk about private issue then and not are focus on the company goal the company target then it could be kind of a problem, but if they use those open spaces to have short alignments to speed up decision process and several case and help each other then its beneficial I think. In terms of differentiation. I don't know if this is a structureless can help that. I think its more a result out of other topics. From a technological point of view, I mean if you combine technological and customer... another buzzword is prosumer, if you involve the customer in the product development for instance and as a good way of structureless interworking also with the customers and the failure quote, the failure rate of large products will decrease I guess, if you early ask the customer like prototyping, design thinking all that stuff. I think that could help, and then as a result other that you might have a chance to better differentiate from your competitors.

33:37

I: Ok, great. Well, I think we came to the end of the interview. Thank you so much for all your insights and answers. Do you have any other last thoughts maybe? Otherwise...

EC: I wish you good luck for your work.

I: Yes thank you very much.

Interview 4 / Company D

I = Interviewer

ED = Expert D

Time: Min:sec

00:17

I: Can you introduce yourself?

ED: I'm with Company D now since 8 years and responsible for HR developments which is a team working with organizational and people development issues within our company and my main topic currently are leadership development management. My team exists of now persons including myself. And we are kind of internal consultants for people in organizational development.

1:26

I: You're in the HR department and the company company D, what industry are you in?

ED: We are in construction business, we are suppliers for construction business. We are creating and designing and producing and forms for concrete buildings. The construction industries are our customers.

1:59

I: How many employees do you have?

ED: Currently approximately 6800 worldwide.

2:11

I: What is your core business of Company D?

ED: Our core business is to create to produce form works for concrete buildings. When you want to build a high-rise building or a bridge or a tunnel out of concrete then you need kind of a form like for a cake you need a form where you can put in all your things to create your cake and it's very similar with concrete. We are creating forms and when the concrete is hardened you can remove it and the concrete remains there.

3:17

I: Who would miss you if your organization wouldn't exist anymore.

ED: Anyone who wants to build a building out of concrete like high-rise buildings, bridges, tunnels, houses. We have a very broad range of customers.

3:46

I: It sounds to me that the future of Company D looks pretty good because people continue to build buildings.

ED: Yes, I would say so, because concrete is very important and powerful in the construction industry. In this material is a lot of potential also for housing and so on, also low-cost housing and therefore we have a broad market for our products.

4:34

I: That was the introduction of the next topic and that is VUCA. I know you know the expression VUCA and therefore, how would you describe your business environment, steady, dynamic, uncertain, fast changing.

ED: I would say it's dynamic, it's more uncertain than in the past so there were dramatic changes in the last 5 years, starting with the big crisis in 2009. There was the big change the market is getting more dynamic, more uncertain, more changing than in the past but it's not that fast changing as for example in the electronic or software industry. So, it's more dynamic and uncertain than in the past but not as much as in other industries.

5:50

I: What is changing and dynamic in your environment? Because we talked about concrete being the same and being used the same.

ED: All the buildings or projects are incredible huge projects. When you imagine a bridge or a river or a tunnel, there you need investors there you need a lot of different issues also with governmental regulations and so on and therefore we are in huge projects and in the past the decisions were made one or two years before the real start of the construction site has been done and now the change in the financial market brought up that the decisions will be

made in a shorter period before the project really starts and this is a dramatic change for our business and our company because we have to maintain a lot of stuff, a lot of material in a pretty short time, much shorter than in the past. And this is the dramatic change, I would say it's not from the product side or from the buildings side even though the buildings get higher when you see the high-rise buildings are taller than in the past, but this is not the real problem. I think the real topic is the investments and the investors are deciding much later than in the past and this is much more turbulent than before.

8:08

I: What do you do to be ready for this changing and dynamic world?

ED: What we are currently doing is we try to support our stuff, especially our leaders to be able to act in this VUCA world because leadership in a stable environment is much easier, can be much more directive, much more autocratic than in a VUCA world. In a VUCA world you have to involve much more people, you have to guide and lead higher principles while understanding than in a stable environment and therefore we try to support our leaders to become more able to act in a VUCA world than before. We try to offer them training to support them in this way and on the other hand we think about our structure. Is our structure from our organization how we manage the processes and how we manage our business. Is this the best way you can act in a VUCA world. Therefore, we are trying out several new organizational structures to see if this new more agile style of organizing business, is this more helpful than the middle structure before.

10:18

I: And this leads perfectly to the next question. You said you train leaders among a few things to be ready for the VUCA world. So what capabilities are necessary to live and to be in a VUCA world and to have competitive advantage in a VUCA world?

ED: I think the capability, this is not about what you have to know, it's about how you act. It's about how you, how should I explain this in a proper way. It's not about the competencies to execute, to put a lot of effort in active collaboration and so on, this is all standard stuff. I think, and we think it's very important that you as a leader in the future should be able to understand the world from different perspectives. You have to step into more than one perspective to the world. This is a very important topic for the leaders of the future. I would say, I don't have the word now, "multiperspektivisch" (German) this is one topic. Then agile thinking, you have to have a special kind of a mental model to be ready for this VUCA world. You should think not only in black and white. You should understand that there are so many differences, so many perspectives unto one topic and you have to deal with this situation. This is a critical topic for each leader from my perspective.

12:42

I: So, what I understand is that a leader should be able to be open, openminded, open to new ideas and the ability to find, just a personal idea and thought, is it also the capability to find the needed information, that skill to find information.

ED: I think it's important to be interested in different sources we can find information, but I think it's listening which is very important for leaders. Getting different perspectives, getting different information, sources to get a broader picture of the reality. So, in the past it was you know, when you have stable environment it is easy to deal with such situations. But now you have to find different ways in different angles where you can start an activity. And this is a totally different approach to the past. Because you're not searching for "the" solution because there are always more than one solution. And this is also a difference to the past, you searched for the best solution and now you're searching the solution, try out, get it through a trial phase, like a how should I say, test if it works and then do the next step. This is a more agile approach than in the past, even if in leading organizations more or less.

14:56

I: So, these answers focus on leaders and the capabilities of leaders does that apply also to the employees then?

ED: I would say this is also for each and every employee. The leaders are now in this structure how we are currently acting very important because they are very powerful but at the end it's for each and every human being to have another thinking model than in the past.

To be openminded also for let's say whatever the digital organization might bring because we even don't know what the digitalisation in our business will bring and to deal with such uncertain situations and to keep on going within these situations. This is a very important and critical topic for each and everyone in this VUCA world.

16:10

I: Very interesting. So, we'll come to the topic of structure now and you mentioned already that you try a few different structures and see what fits best. So what kind of structure do you currently have?

ED: We are currently organized as a pyramid, we have a lot of levels and what we've learned out of the past is that the pyramid is not the best structure for acting in a VUCA world, acting in a fast-changing world. We are too slow with the pyramid and what we try out now is in several areas and divisions, we are testing new ways of organizing the company. We're not really fixed on one new model like Holacracy or whatever, the Spotify model and so on. We want to design our own way of organization. It's a mixture I would say of holocratic parts and also the Spotify organisational model has an influence and we try to find out what would be the best way of organizing ourselves. We are you know prototyping different organizational structures and to be honest we are in the very beginning and in this phase we have no real answers what would be the best for the future. But what we think when we look into the farer future, I think we as a company have to deal with more than one organizational structure in our company so it might be that we have holocratic systems and pyramids and circle systems like Holacracy or the network within our company and we have to deal with all these organizational structures in our company. Because we think there is no "this is better than this", it always depends on the context and in several areas we have not that unsteadiness and unclear situation that there is a need to step away from the pyramid. The pyramid is really a fine thing and a fine structure for stable environment but not for the VUCA world, from our perspective.

19:23

I: Okay, thank you. Could you give an example of a structure type other than the pyramid that you're experimenting with?

ED: Yes, as I said, what we are currently doing is we are creating a kind of self-managing system where we have very flat hierarchies and the whole managing process of the production flow and so on will be organized from the shop floor itself. And this is a different system to what we had before where we have a department which manages the production process and now we gonna manage this directly on the shop floor by the shop floor guys themselves. And we have flat hierarchies, this is a para-middle structure in combination with self-organizing elements. This is one area and then another area we are currently on, also called learning journeys to visit other companies to see there more agile organized departments. This is an area with around 100 employees I would say and we are now more into the direction to have kind of a project structure. But we are now in the learning phase and therefore you know and have not more information about this. So, we are in the design phase there.

21:38

I: Okay. So, the structure type on...in the production for example that you mention, is there a group or a group leader?

ED: Pardon me.

21:50

I: On the workshop level is that organized in teams of a specific number?

ED: Yes, in teams and there's only one level above this team and that's all. And beforehand we have three or four levels above the teams, so we created a flat hierarchy with a totally different steering and also the process steering and management will work totally different as in the past.

22:38

I: So, connecting with the leaders is that the flat hierarchy that the information comes up from the work shop faster.

ED: We think with the flat hierarchies the decisions will be faster and the leaders are more connected to the shop floor because in a different way as before. We think it is also about and this is the future for leaders especially in the production, to empower and enable people to find their own ways and own solutions of topics. So, it's not about guidance and it's not about how should I say

23:39

I: commanding

ED: managing, it's more empowering people and making them able to decide by themselves and enable people. This is the future for the leaders so there's a mindset shift from the more directive, more steering person to a more I wouldn't say coaching approach but enabling and empowering approach.

24:21

I: Okay and thinking of the things we just talked about that that is a source like employees are a source of information and opportunities that the leaders are should be open to and just to connect that I guess. Very interesting. So, I guess those are the things that we talked about are forms of structurelessness structureless things.

ED: I wouldn't say structureless, I think it's a different kind of structure and I think it's very similar, in a stable world you can have how should I say a more straight structure, a structure which is more narrow. You call it structureless but there is a structure, it's a different kind of structure. It's more open and I think these correlates to the VUCA world cause there you have not the clear situation where you can decide A or B it's... uncertainty needs different structure. But it's not structureless it's a different kind of structure.

26:08

I: Okay, is it less structure though?

ED: Yeah let's say, well you know what is less and what is much structure or what is the difference to structureless. Highly structured but what is highly structured, do you know what I mean? I think the structure involves in the future people in a totally different way as before so the structure before deals with how should we communicate from the lower level to the higher level and to the next level and so on. And the new structures are more open how you define the communication process within the organization, so you are more able to talk to each and everyone within the team or to other teams because there is only one hierarchy. You have to climb up and jump to the next team and get into the next team. Is totally different but anyhow we have structure but it's a different kind of.

27:45

I: So, it's more open.

ED: Yes, I would say so, it's more open it's more role based. Flat hierarchies have the advantage to be faster in decisions, decision making also in communication flows so to say. And I think this is the future. The faster we can react the better it is.

28:26

I: Very interesting. So, going to structureless, my idea of that is that I guess loosen it up, make it more open or open up the structure of being tight and in my research I found that many companies try to open their office spaces for open communication, try to have flexible working hours to lessen or like making the structure more loose not so tight. What forms of lessening structure do you have?

ED: I didn't get the point because I can't hear you.

I: Okay is it working now?

ED: It's better.

29:24

I: So, I guess my question is what forms of less structured things do you have in your organization as open office spaces or not strict working hours or things like that?

ED: To be honest what we're trying is to open our office spaces to more flexible ones, so we have no single offices anymore. We have open office spaces where you have to find your own desk each and every morning. In several areas we have flexible desk sharing and the reason behind this was not to minimize the office space but was to open up for flexibility for sitting beneath different people, getting their perspectives, getting different approaches the

people. So, we want to create this not in each and every office, but we started two years before and we tried to bring more flexibility into our staff. Also with our flexible office spaces and the working hours, there we have the Austrian law which is very strict and regulating a lot but we are currently working with flexible time frames where the employee can decide when to come and when to go and it's only important that over a week or a month that the working hours are okay with the regulations but the daily managing of their working time in accordance with the teams and their managers decide when they want to work, when they do their work in the office or maybe also in a home office when it's possible. So, we try to open this time frame a little but there are the Austrian labor law regulations which are a little problematic to this field and we try to also change our office spaces to get more flexibility into our staff and we think when you have to find your working space each and every morning then you get also a different approach for changes in your environment. You manage this in a different way. We think there's also an impact to our flexibility in different areas not only in the office space also in business.

32:58

I: Very interesting. Do you have any other like open policies or activities you have in the company?

ED: When we talked about less structure then we also tried out also different sections like mobility. In the past we had a strict mobility regulation where everything has been regulated and standardized and now we tend more to principles, mobility principles. Also, within our company strategy, in the past we had very strict teaching fields and a lot of talk and so on and now we change also these topics to principles to strategic principles. So, we open also our regulations if possible to work more from the strictly regulated one to a more flexible principles. And this makes the change in the very first time the employees and the managers said okay in the past we had a lot of targets, top down and now we have only few words, a few principles, what now? And then we said okay, it's up to you what this strategic principle means for your department and for your division and you have to manage that and this opens the mind for new approaches, you know more perspectives in the company and I think this is a good step into the right direction.

35:30

I: So, with all these plans and activities, what challenges do you face especially for people who like that actually like a lot of structure like tell me what to do and I do it.

ED: I think this is one of the most critical topics for each and every company even in ours. We created behaviour within our company with strict and regulated and standardized organizational structures and now we learn these tight structures are not really working well in the VUCA world and to redesign structure is pretty easy but we trained our employees and our staff to be strictly organized, to be regulated, to have clear targets to have clear tasks and so on and now everyone is getting uncertain and more unclear and so on and it's not that easy to shift that behaviour of the staff of this tight structure to a more open ones. So, we started this journey and what we see now is we think critical in this change process if you want are the managers and the leaders because they have a real huge impact into the organization. Therefore, our focus now is onto leaders so that they are able to open up their minds, change also their approaches from the tight standardized approach to a more enabling and empowering one. And then when the leaders are on this more open approach then the people and the staff will follow automatically and some of them will like it and some will not like it. This is the normal way of doing and the normal way of the world and what we think when we look into the farer future, I think those people who have a lot of problems to be in like as you call it more structure less environments, will get problems in their companies and I think also in ours. Because I think this is a must in the future to work in an uncertain world we are currently, but it takes time and what we know is if we have areas where we can provide a more stable environment this will be the haven for all those people who are not really that fast changing persons as the one who are running with the flow. But in the end, it will be critical. I think about in five years we will have a lot more open structure than now and then the main part of our staff should be able to deal with uncertainty in a better way than now. But it takes time and what comes out in the end, we don't know.

40:11

I: Okay, I think we came to the end of our Interview. Thank you so much for all the insights and for all the answers that you gave. Any additional thoughts from your side?

ED: I think the word structure less came into my mind okay it's structure less than now and this makes me think. Should we discuss more open and more often about structure less because you can open a can of worms with this word and I think to remove structure doesn't mean automatically that everything's going to be chaotic. I think this would be an interesting discussion with our leaders to find the more structure less way of managing organizations as we have it now. And this structure less organization have to be managed by people who are highly and able to do so. I think you have to be in balance between structure and abled people. The less structure you have the more enabled people you need to have because otherwise it will be chaotic. I think this is an interesting thought out of this interview. So thank you for that.

I: Thank you!

Interview 5 / Company E

I: Interviewer

EE: Expert E

Time: Min:sec

00:55

I: The first question would be if you could introduce yourself. Your name and what you do, and...

EE: So you might have figured it out, my name is expert E, I am a member of the management board of company E. By nature I have very close links to Innsbruck. I studied there at Leopold-Franzens-Universität. I am as well a big fan of the MCI. So I think that is the best education you currently can get in Austria. So congratulation on the opportunity to study there.

1:32

I: Thank you.

EE: And, from my university years I know your supervisor personally quite well. I know as well other people at the MCI quite well. So, I'm pretty familiar with the environment and the working conditions are. So, to my background I'm a member of company E. Company E is a dryson automation company, roughly 740 million revenue, 3600 employees, operating in 60 countries in the world. And we are, we are active in the fields of mechatronics, of systems and solutions of and in digitalization in the industrial sphere. So we are serving machine builders and machine operators in the field of automotive, in the field of intra-logistics, in the field of packaging and consumer goods, and in the field of textile machines. We are family owned, 71 years old but highly professional, so managed by external managers, but so to say the shareholders are the grandchildren of the founder. And the, our, yea we are technology geeks to a certain degree. So we basically have high engineering competencies, this is part of our DNA. So be it electro mechanics, be it electronics, be it software, all to be applied in the field of machines. And, so typical customers of ours, just to give you a feeling, is are robotic companies like Cooka or machine operators like Daimler, so not in the car but in the manufacturing environment. Or companies in Austria, in intra-logistics which you might know is TGV in Oberösterreich, or in ... an automation company called Henkel or others. Just to give you, just to give you an impression what kind of business we are doing. That said, we all business, in the end, all business is local. So, I like the question of your thesis, so your project work you currently undertaking, because organization is something which is ... is the key enable to effectively execute strategy. And to maintain competitiveness. So I think it's a valid point. So just to my background by training, I have studies economics and business administrations in Innsbruck. I earned a PhD in business administration in Graz, on a controlling topic. And I graduated at the ... on the international exchange program. And also launching a pro. So, I work for 10 years in medical device and pharmaceutical industry with a company called Frusenious, which is quoted at the Frankfurt as well New York stock exchange, and later on moved into the automotive industry, where I worked for General Motors. I had some international experience besides doing some internships during my studies in the US and Costa Rica and the French speaking part of Switzerland. Professionally after graduating I worked and lived in Sweden and Belgium and in the United States. Besides, of course the majority of my work experience I gained a living in Germany but having most of the, most of the times international roles and international responsibilities.

6:06

I: Ok, wow. Very impressive, thank you.

EE: Its not to impress you but to give you a little bit ... some hints where it might be interesting for your to ask further questions.

6:23

I: Yes, that's right.

EE: So, you won an hour on my agenda and it is you to control the time so that we make best use of the time for your project.

6:35

I: Yes, thank you very much for this. So, I am just going to ... yeah base my questions on the questions that I sent you and here I just wanted to ask ... you mentioned, explained a little ... a few things about your company already company E, and here is another question that would interest me. So, who would miss you if your organization wouldn't exist anymore?

EE: You know, I think in the categories of stake holders. I think first of all our customers would miss us because we have an extensive build out foot print among machine which are running around the world. And so if we would cease existing from one day or the other, a lot of companies would face significant difficulties because we would not, they would not receive our service and our customer support, our application engineering support. Over the lifecycle of the machine and the machine has typically a lifecycle something between 20-30 years. So there is the first life, and then there might be a refurbishing where a second life with a new owner has, so a machine would go good and effective but maybe not too effective and it is written off, might be sold to a different machine operator from Europe to, I don't know, Guatemala for example. And there it runs for another 10 years. So this is the first, I think the existing customer base would miss us. The second, machine builders would miss us because our strength is in the support and in the advice in the consulting of the engineering departments of machine builders in making the machine use our components, using our software, using our technology to produce machines and to offer machines which are more energy efficient, which are offering a higher productivity or a lower cost of ownership over the lifecycle. And, and therefore, I think with all humbleness I would, I would think, yes over time there could be other who could take our role. Everything and everybody as ... if you give enough time can be replaced, but from one day to the other I would say customers and machine operators first. Second, if you look at other stakeholders. Here for example, the communities we are working in and are operating in. They would not receive any tax payments anymore. In all the locations we are active. We have as well, are taking over as well social responsibilities like sponsoring kinder gardens, or sports programs for young, for teenagers and kids and adults. We are supporting with the foundation of the company as well. Educational programs, and all this would go away. So there is as well, there is as well a social component if we would cease existing at a certain point in time. And finally our employees, I think they would miss the company. We have very high rating with regard to employee satisfaction. We have a very low pertrition. And this means, yes we have many people who work for decades for a company. I would ... not everybody would miss us, but I would say is a significant part of our employees would miss company E as an employer.

10:49

I: Ok. Thank you. Coming to the business environment. How would you describe your business environment? You did mention that, that if you wouldn't exist anymore it would take a lot of time for someone to come up to do the things that you do. But, like, how would you describe your business environment? Is it steady, dynamic, uncertain, fast-changing, competitive?

EE: Well, it is definitely, it is competitive. There is ... this is not a biotope we are operating in. There are other companies with slightly different sets of strengths, who are as well operating in our sweet spot. So we are not operating in, in, in a protective environment. It is competitive and it is global. And you have global companies with different factors of competitiveness where they build, so if you are coming from eastern Europe or from China, from Brazil you can use labor cost arbitrage as well as tax arbitrage and foreign exchange arbitrage to your favor. On a cost basis this is why we are predominantly operating on the higher end of the portfolio. But there is no ... its like any business, there is a negotiation about our offer and then the perceived and purchased value. And our job as a company is continuously to, to have an agility as well in our offering and to continuously reinvest in our portfolio and to our software and our technical capabilities in order to be right on top to, to stay competitive or to even extend our competitiveness. So this is not a static situation but this is an ongoing, yeah, game. No, it's not a game, its its brutal at times, its really, I tell you, its brutal, even so we are successful, we are growing, we are quite healthy, we are

profitable, but its really, I tell you, its brutal. Not because of pure ethical standards, because this is just the nature of free open transparent competing markets. And this is to the benefit, and I'm not concerned about, this is to the benefit of the companies who are buying the machines and are operating the machines. This is...

13:39

I: That's right.

EE: I'm fully supportive to this because, if you go into your shops and want to purchase a yogurt, I don't know, a text marker or a new i-pods for your headphones, or even a car, you want as well to have the best deal and the best value.

14:03

I: Yeah, best quality but best price as well, I guess.

EE: Exactly.

I: That's right. So, there is a acronym for this ... for dynamic and complex business environment. Its called VUCA. Have you heard of that?

EE: Yes sure. Yeah, of course we are not only using VUCA, this is part of the game.

14:29

I: Yeah, I think that's a good acronym explaining just the business environment. I guess, talking about the business environment, how dynamic and competitive it is. What capabilities are necessary for your company to, to survive?

EE: Capabilities... Ah to survive...

14:47

I: So I guess, adjectives, like stability. You mentioned agile offerings, or agility in offerings. So...

EE: I would say, yes we need to be, we need to be ambitious, we need to be consistent, we need to be innovative, we need to be market centric, not always customer centric but market centric. And we need to have a ... two abilities at the same time. We need to be flexible in the way how we react to the change in the market and the customer requirement on the one side, we need to be lean and agile within our company in order to not only react but to act and to use as well, the assume changes under the term VUCA to our advantage or at least to contain the impact of VUCA world. And if ... and we do this on a continuous basis on our yearly ... its part of our yearly planning exercise. We are looking at, ok, what happens if we outperform, significantly outperform. We just had this this year. We started, we assumed a growth of 3-4 % and we ended up at 10%. So, and ... for the same time we are looking downside and saying, preparing the organization on the downside. What are ... how do we react if the economy turn sour? And we see a drop in 10% 20% in top line, in revenue. And how do we prepare now, so if this happens that we know what we are going to do, what we need to do, in which sequence, with which communication, which areas need to be protected, which areas need to be strengthened, even in this phase and ... so this is a professional business, its part of the professional approach of our business. So, anyone who is not ready for VUCA shouldn't do dynamic business. Very simple. And we ... our customers are international, our markets are international, our supply base is international. Therefore, we continuously need to work on this. Could we be better? Yes at times. Could it be worse? Significantly, if I compare ourselves with others.

17:47

I: Yeah. So, you mentioned that the ... its necessary to react ... to act fast and to be flexible, looking at the market as well. So, my question is, does the market requirement or like the need in the market, do they change faster and faster?

EE: Not so much. We are not in consumer goods. We are serving machine builders. So the overall ... so in a normal stable environment we do not move up so fast and normally in a normal cool off we do not drop so fast. Up to a certain point because investment goods, capital goods are digital. So either you buy a machine or you don't, right?

18:45

I: Yeah.

EE: So in any, in any recession portfolio into a recession procel of the statistics international statistics bureau, or even the national statistics bureau. You always see if there is a certain

% in drop, there subsequently is a sharp drop. Because at a certain point if there is a certain unsecureness in the market, companies tend to stop or to slower their investment decision until they see lens again. We saw this with our ... not only in our company but as well in other companies during the significant crisis in 2008-9. But you see this regionally as well now. Look into Argentina, look into Turkey, look into other countries. As soon as there are significant changes in the economic front or on the political front this has a direct impact on the sentiment of buying machines and investing in infrastructure.

19:51

I: Yea, ok. So, you mentioned a few factors that could play or that could affect your business. So what is ... what do you think is the strongest factor that or that gives you the most risk? Is it the competitors and their innovations or the like the political situation?

EE: This is ... I think this is, there is no one answer to this question unfortunately because it depends ... starting an answer with depends is not a good answer but in this case I think it is the best I can share with you. Because you have over ... particular in our company and the way that we execute our business, we have some overlaying effects. For example, it rarely happens that in all the regions, so north America, Europe and Asia, it would drop at the same time. It would not happen that all industries follow the same cyclical path. So they correlate not directly with each other. And then third, we have as well a counter balance. Normally, when the direct investment drops, the service business is rising. So, once companies take the decision to continue with the current equipment, they invest in refurbishment and to exchange parts and components and then we are as well back to business. So there are some counter balancing activities. So depending on where you are on the cycle which region are affected, what are the root cause for the crisis and which industry segments are affected, you would need to think about different activities to counter balance these impacts. So unfortunately no simple point question, but of course you do the usual stuff. You protect the strength of the company and you try to take out cross or risks in an appropriate manner without impacting your restart after the economy recovers.

22:33

I: Yes, ok. Very interesting. We'll come to the organizational structure now. So could you briefly explain how your organization is structured?

EE: Our organizational structure currently follows a certain ... how do I explain. The organizational structure it starts that we have a management holding which basically is a small group of individuals a management board and staff which basically pursue the governance and the strategic roles of the organization. Then we have a mix of regional business unit organizations, which basically embody the execution of the strategies of the respective focus industries. We have 5 focus industries where we do our majority of our business, be it be automotive, be it be textile, be it be intra-logistics, packaging and robotics and therefore, it is always a combination of technology portfolio on the one side and working with customers in the region in the markets. This has ... this is, this is the, so to say, this is how we would draft an organization chart. The real structure, or the real organization as I explained earlier that we combine products and components with brain ware and software to provide compatible solutions to machine builders and machine operators. In reality we have more flexible elements in our organizations. So that when we are working, for example, for a major machine builder, lets say in India, it takes the machine builder in India who in his field is world market leader, you have involved for example, the local sales organization, the local product management industry sector management and for sure the managing director of the region as well as his finance counter part who would make sure that all the offers and everything penciled what we want to do with this. We would fly in industry and take technology experts from other areas in the world who work in teams together in order to design a solution which will really offer a benefit to the customer using our component, technology, etc. etc. so that this Indian machine builder would then have in his offering a highly competitive textile machine he will sell in the world. Now as we receive first orders there would be the production and supply chain organization coming in. They would make the product available to at the right time, cost, quality, as ordered. And in the same time we would support the machine builder in our service environment. So wherever he sells the

machine to, that the machine operators, so the textile factory would get the service support through us as requested, so with spare parts, exchange, on sight engineering support in the start phase of the machine, etc. etc. So you see our business model drives a certain degree of complexity because it requires the different functions contribute at various times to the overall satisfaction of the customer.

26:50

I: Yeah, that's right.

EE: And now to your structure question again. Yes you have formal organization parts and you have living elements where we ... of course it is as well described and it is decided that we offer our value to the customer in this way, and to a certain degree as historically learned and built and lived up to. But it is, so to say, it imbeds a certain degree of complexity. On the other side, as we are able to manage this it is quite difficult to compete against us because we can provide all these skills right to the satisfaction of the customer.

27:41

I: That's right. Ok, so as you mentioned you do have like a structure a formal structure, but your informal structure or your way of serving the customer is very flexible and also has flexible elements in teams, you mentioned teams, so does ... is that like evolving. Did that start at some point where you said, hey now we need teams, now we need more flexibility? Or was that always like that?

EEE: I'm only with the custom with the company now for 8 years I think it is difficult to judge I think generally we always have a certain neck making customers happy and putting them into the center of our attention. But I cannot comment on to what degree historically it was so to say a tough way of learning because this was the only business we could get or we on purpose decided to go this maybe a little bit of both. In reality nowadays, this managing this complexity and having this application expertise is our USP and being able to manage these soft flexible organization of flying in our application engineer resources in the world or having them in the regions is the key asset.

29:24

I: Okay, so if you look into the future, how will that change, that those team projects I guess or you know will ...

EEE: I would assume that ... I have two views on this. The nature of the business will over time change a little bit. There will be elements of our portfolio and our offering which will receive less human attention because we can digitalize the whole process of interaction with bots, with artificial intelligence with shop with self-configuration etc. so we can free up application engineering resources to even more put these resources in front of costumers so you will see the simple things over time will be more standardized, processed, digitized etc. so their simplicity of use, simplicity of application and cost will be leading as well as having impact and implications on the organizational design and if you're looking more on to the solution side we will even put more resources into the solution side because we believe that this is real differentiator in the real USP of your company and we have wide base of knowledge and core competencies which aren't easy to imitate.

31:17

I: Okay, so how do you think...you just mentioned that these elements have impacted on your organizational design so how will your organizational design change in the future you think?

EEE: I would not speculate at this point of time. I'm begging for your understanding, I know that this is we could theoretically discuss this but this is highly confidential and at this time management board exclusive this discussion.

32:12

Okay no problem. So, you did mention a few things already that well actually in my research I came across like an upgrading system with two systems actually the one that is a very effective that is standardized a lot and then the other one that is more flexible that can react very flexible but it's under one company I guess or under one organization and that ..Am I right if I say that sounds like your organization actually like you do have a lot of standardized processes but you do have that flexibility in whatever the customer wants or whatever jobs.

EEE: I would even argue to be frank that this standardization and this efficiency that I mention of the organizational design is something that we could even become better. So, a lot of companies are pretty lean and efficient and structured as we have been in both worlds now we need to do this extra step at a certain point and time and parts of the organization and ask parts of the organization to be more lean and standardized and digital and we will have others who will have more flexibility because the customer is expecting different values from us.

34:07

I: That's right. Okay, so looking at your employees, how important is it to have a say or yeah to be able to decide. Is that an important value or is that implemented already that your employees are involved in decision making processes?

EEE: Yes sure. We would even want them to take more responsibilities and to be bolder at times and ask less for permission and go forward and ... because after thinking it through but taking a decision by themselves. You know historically it's all these midsize family business we come from a tradition of very high respect in front of the owner and the management and the hierarchy then the engineering environment tends to be as well more deterministic and process oriented and therefore it is something worthy organizational development we are looking for we want to grow we as a management board or directors in the countries they cannot be the bottlenecks of decisions so we need to empower in order to be able to grow we need to empower the organization in the next layers on the hierarchy but as well in projects in teams and this are as well new skills we need to develop and to learn it's not natural for everybody in a larger organization to speak up or to even say I do not agree, and others are maybe more bold but they're not right. They take they're quite bullish and they are quite aggressive and then they take charge and they don't listen. So you need to have all three skills, you need to have communication skills with regard to being able to explain your thoughts to others so that they are... the likelihood that they buy in is increasing but you need as well the listening skills to digest different information from others in the organization and you need to have the methodological tools that under your belly in order to take good decisions or to prepare good decisions or to execute on these decisions in a professional manner. This is a learning curve so this is comes natural to some in the organization but this is something where we see progress year over year and we're investing a lot in our people and we know that we can only become a even better and more successful company when we invest into the people and into the leadership skills but this is important.

37:36

I: Yeah I just wanted to ask then, what do you do to empower your employees, like what, do you have examples?

EEE: Yes, for example saying sorry is not me deciding this is you deciding. I don't even want to see this it's your job. I'm expecting that you're taking the decision. Very simple. Or as a ground rule when we have a board meeting I do not accept putting anything on the agenda and I take things off the agenda if A you don't send me the work through proposal not more than ten pages power point so crisp noticed in a couple of days in advance so that they can prepare. And I would not accept anything which would not include a recommendation of the participant the one who was presenting. I want to have his proposal or her proposal, his opinion or her opinion and then we can debate it and then there is a third thing I encourage people to include others when they're working on a proposal to the management board so that this is not a single result of Interviewer but this is he interviewer worked with different colleges to come up with this proposal so that this is not his own wisdom but collected wisdom of the organization. It might take a little bit longer but then it is for interviewer much easier than to implement and to execute the decision. I'm doing him a favor in the end.

39:36

Okay. I sent, in my questions I mentioned the term structureless forms. What I mean with that is just I guess maybe less structure or more freedom for employees to act or to decide as we talked about. Also, structureless forms examples could be that they could decide their own timetable or generally more open office spaces where interaction can take place. So, I

guess my question then to you is what kind of structureless forms do you have in your company?

EEE: Well we have a lot and we're experimenting with for example time if you're not working shift where it is more driven by the market but if you are in other roles you have a significant responsibility for your own time, so if you come early, leave late if you work from home if you work in a space office, in an individual office, if you sit down with teams. This is your responsibility. We're currently experimenting in different forms as well with open office structures and we have a significant investment in a side location 12 km here from the headquarters where we will invest roughly 15 million euros into a new mechatronics competence center where we will all use these new structureless forms but we use them as well in other department so instead of just waiting for this new building to come, in every location we have teams working on structure less forms, open office spaces, new forms of collaboration. For some areas this is meaningful, and it helps for some we receive as well the feedback you need to find the right balance and as well individuals have different needs to be successful in their jobs. So, yes we are part of it, are we thought leaders? I don't know but I think we are pretty attractive with this...as well attracting talents and retaining talent.

42:15

I: Yes, this is very interesting to me actually, these structureless forms that you mentioned. Like the timing and also the office space. Any other examples that you could give of structureless?

EE: Yeah, a lot of things. We have sport groups so that we give people the opportunity to meet up afterwards in their leisure time. We have health coaching programs. So, from ... so you can use your coffee break from the morning to do exercises in group, for your back or shoulder or what ever. So, there are different elements. We encourage people to take on projects in other functions, or countries or regions. Or you could volunteer to go to China and work 6 week, 8 week, 3 months in a project in China, and then go back. The other way around. We would love to have a colleague of use then from China here during this time he working here on a project. This helps a lot because this helps to build informal structures, it works. And a better understanding of the challenges of your colleagues in other functions or in other roles or in other countries.

43:47

I: Yeah, ok. So, What would you say is the purpose then for those structureless forms?

EE: Well, the purpose is always increasing our ability to have a better collaboration within the different functions of the company, and help individuals understand better what their contribution to the overall success to the company can be or their teams or their departments. And the benefit are in understanding, communication and as well in the quality of their work. Of course, if you have a better understanding, you put your work results in a different context, therefore, the quality of your work, whatever it is, it will be better. And then it contributes as well to job satisfaction, and therefore, it has an impact on retention and attractiveness of the company.

45:00

I: Ok, that's right. Ok, so, these structureless forms as you said, as I understood it, should support understanding that the employees know what their role is about, what their work is about, that they are part of the bigger picture, and that they can communicate... that the internal communication is more open and free, so that learning be faster or transferred to each other, and then also job satisfaction, I guess, through self-responsibility, things like that. If I just ... I just repeated the thought how I understood it. Ok, I guess, this is really the core question from my thesis which is interesting. So, is moving towards these structureless forms, is that an adequate answer to the VUCA world?

EE: I would, I would intensively debate this. I think it is one element which helps a company to be in certain degrees better prepared and to be more effective in the VUCA world. But it requires more. I think these structureless forms are good. They help, they help in the perspective. They help maybe as well significantly to help the market, but this is not the complete answer. I would be cautious if you would tell me a project on structureless forms on the topic that this would be solving the worlds hunger of VUCA. I think if we, and this is

just my personal view and I might be completely wrong and science in a couple of years, would beat me up bloody, and they have all the right to do so, but I think we need to think as well in a broader context, how we organize collaboration between companies. So, the complete cooperation ratio. Not only in our industry but generally. We tend to be very shy and to collaborate with the competitor. Be it on the purchase side, be it on the engineering side, be it on the production side, be it solving problems together in front of the customer, or servicing together certain elements for a customer, is something we need to think. We need to think broader when we think about structureless forms. We need to think about a collaboration beyond the branches of the own company. We need to think beyond the limitations of the own enter and supply-chain capabilities. We need to think beyond the limitation of our own structure cost base. If we are ... and this is not only true for company E, I believe this already back 10-15 years. So this is my credo. Where ... if companies are not able to continuously challenge themselves in the question where they want ... what they really want to do by themselves, so to say the core competencies. They on the long run, they would basically provide their competitive advantage. And what are basically me two activities, you have under your umbrella because its part of organization etc. etc. and you don't challenge yourself aggressively enough whether you want to maintain this vs. cooperating with others or even using others, because they are better at this part of the solution of the value creation. Then ... if there is a really bloody, bloody VUCA incident, yea, like the last financial crisis 2008-9, but not over after 18 months but over after 3-4 years. If you are not ready, you will die. Very simple.

50:22

I: Ok ... Ok I think that was, that was really the, or we are coming to the end of the interview. It has been very interesting and very insightful. Thank you for your comments. Do you have any other last comments on, on the, on VUCA and structure?

EE: No, I think we have, we have discussed everything relevant. If anything might come to my mind after hanging up on our skype I would shoot you a message, and, and, and, keep you informed. No other besides if you have finalized your study, if you could share maybe an executive summary. I am not so good, I am not so font on reading 500 pages, but if you have a smaller version of your insights, I would be really very curious what would your insights would be and which recommendation you come up with. I enjoyed our little conversation.

51:34

I: Yes, me too!

Interview 6 / Company F

I: Interviewer

EF: Expert F

Time: Min:sec

0:03

I: Ok, so, maybe you can introduce yourself.

EF: Yeah, sure. My name is expert F. I arrived here a little bit more than 2 years ago as a customer. You may know that we do mortgage advice, we are among the fastest growing mortgage brokers in the Netherlands. And I came in as a customer, because I just needed some advice on a mortgage and the way company F helped me with the mortgage sparked an interest in me in the organization. I was an entrepreneur myself. I had my own company, which I sold a few years ago. And before I knew it I was talking with one of the co-founders and they shared with me their plans to introduce a self-management organization model called Holacracy, which I did not hear about beforehand, but it really sounded very interesting to me because Holacracy was all about self-management, being entrepreneurial in everything you do, autonomous teams. So, I think a few months after I got the mortgage and moved to my new house. I started working here. My background is more online, online marketing. You may know that within Holacracy you divide everything in roles. Nowadays I'm doing half of my time or maybe even less, in online marketing and much more in organizational design and then with a focus on the human side of it. So, how do you create an organization that lets people be entrepreneurs in their roles and let them find the best type of work that fits their needs, passion and talents. And yes, I put much energy in that and we are doing it quite successfully actually.

2:35

I: Ok. Thank you for that introduction. So just going along the other questions. Maybe could you describe the industry that you are in as a company?

EF: Yes, we are in the mortgage brokerage sector. And that's a sector with typically 3 or 4 very big players, traditional franchise organizations, they're still very big because of legacy because they exist that long. But you see that they struggle to change and adapt to the new digital world with speed of processes etc. And our position in that market is between those big organizations and as you say in English the one-man band, so you have lots and lots of freelance mortgage advisors that have their own little group of customers and we are positioned in the middle. We feel that we do understand how the new world works and how we should be organized to basically overtake the old legacy players in the market. We are doing our best to do that.

4:05

I: Ok, sounds good. And are you only in the Netherlands?

EF: Yeah, our core business is in the Netherlands. We do have some international ambitions, but that's more plans than actually practice. Cause currently there is plenty to do in the Netherlands and obviously you need to build your team in order to grow, so that's the main focus at the moment.

4:31

I: Ok, so how many employees do you have?

EF: We are a bit less than 40 I think 37.

4:41

I: Alright. So I have got a question here and I would be interested to see what you say. So who would miss you if your organization wouldn't exist anymore?

EF: I think those, let's say, maybe you can even call it the upcoming millennial generation that enter the housing market, they want to buy a house and they are used to doing everything online but they also understand that they need help, human help, with getting your house financed. It's a big life decision, life event and they actually prefer to skip those old offline companies. They find the one-man band may be too maturistic or too... so they would find us basically.

5:53

I: So rather the younger generations.

EF: yeah, it is our core target group as well. The people that enter the housing market for the first time.

6:08

I: Ok, interesting. You did mention a little bit about your business environment with big players and technology being advanced or getting more innovations in your business environment. So how would you describe further your business environment. Is it steady, dynamic, uncertain, fast changing?

EF: I think dynamic, fast changing, on certain I wouldn't call it as, for me it follows the housing market basically. Obviously you we had a crisis but our company was founded at the end of the crisis, or lets say maybe in the second half of the crisis. And we actually found a position where we experience a lot of growth. So it follows the housing market but it certainly dynamic and fast changing as in lots and lots of bits of the mortgage chain are digitalized. So more and more people can do on the internet. And people expect to do more and more themselves, and yet there are lots and lots of smaller and bigger players investing in digitalizing, sometimes the whole process, and we think that we make the ideal mix between online and offline.

7:46

I: Ok, so a core elements in your business is the technology the digitalization.

EF: It is. However, we feel that there is lots of hype around that as well and that we stress importance of lets say offline or even better human importance of such an important event in your life, and that's buying a house. We feel like there will always be a human aspect in the mortgage advice that is given to people.

8:29

I: Ok. So, just related to the business environment, there is an expression to explain that, its called VUCA. Have you heard of that?

EF: No, and I haven't looked it up. So, I'm interested in your explanation.

8:44

I: Ok. So it just an acronym VUCA. It means volatile, uncertain, complex, ambiguous business environment. So, its just the things that we talked about already. So, I guess the first question concerning VUCA is what do you do actively to stay ahead I guess? It sounds like that you want to be ahead of the competition. What do you do to work in your business environment?

EF: Well, I think quite quickly you get to how you are organized. So, what your structure of your organization is. Clearly when you are very small, and the company started with 4-5 people, you are lets say, fast and agile by nature. Because everything you discuss you discuss live with each other and you can act accordingly. But since we are growing pretty fast now. Our goal is to double every year. We see Holacracy as an organizational model that helps us scale up while keeping that same agility, that same pace of improvement. So that's really in the core of your work. And if you talk about how do we stay ahead. Holacracy is all about small improvement every day. So its really not making big plans to solve world hunger, lets say, but its really step by step incremental changes and improvements and that we think and Holacracy supports us in staying ahead.

10:52

I: Ok. So, maybe just to summarize a few things that we touched on concerning capabilities. So what capabilities are necessary for you to stay alive I guess, to continue to be in business. So what are the capabilities necessary?

EF: So that is organizational structure, as I just mentioned. A very big thing for us is culture. So what is your culture, what are our values and how do we treat each other and make sure that we work with the same values. So that's a very important thing next to organizational structure. And, well, Holacracy is a purpose model, so the only hierarchy is purpose. And our biggest and highest purpose, let's say, is that we want to change the world of finance. And we feel that by having that purpose, people are inspired, people feel that they are in a company that creates impact and that the work that they do actually contributes to that

higher purpose. We as a, let's say, how we make our culture alive is by something we call "people first". So that means that we put our own people on the first place before our customers, so we find our own people more important than our customers, more important than our shareholders and why do we do that? Because we think that, as long as our people are happy, then the rest follows automatically. So, we put everything in place including the organizational model Holacracy but also all kinds of, let's say, HR type issues. So facilitate people in basically being as successful as you can as a person within the organization.

13:35

I: Ok. Maybe just to mention a few adjectives with capabilities. What adjectives would you use to describe the necessary capabilities? Like stability, be flexible, or innovative.

EF: I think its entrepreneurial, autonomous is that an adjective? Let's say eager to learn, yeah its not an adjective but this is our core value and that is "treat others like you want to be treated". Its not an adjective but its very important in our core DNA.

14:40

I: Ok, great thank you for that. So, coming to your structure in Holacracy, maybe you could explain what does Holacracy mean to you?

EF: To me personally?

I: Yes.

EF: Do you know Holacracy, do you know have you read about it, do you know about the structure?

15:04

I: Yeah a little bit, let's say it like that.

EF: Ok, yes. Maybe it's because I'm going to tell you some stuff, but maybe its good to read about it a bit more. Its not ultra complex but it has quite a few rules and roles, too much to explain in 30 mins. What it means for me is that I can create a set of roles for myself in which I can... Do you know Simon Sinek?

15:43

I: No.

EF: The why, how, what, the golden circle. Maybe, well you are recording this, maybe you should look it up as well. It has much to do with your finding a purpose for something. I just told you about the purpose of the company. But you can also have a personal why, so a personal purpose. Since we are not stuck to old fashioned job descriptions here in Holacracy, we don't have jobs we just have a set of roles and you can actually manage your own set of roles basically. You can create an environment for yourself, that is what I'm satisfied with, and that can vary between online marketing and maybe start-up new initiatives and HR issues. Something in a traditional company you would never in a combination, but you can do that here. That makes me want to go to work every day.

17:01

I: Ok, so, in the questions that I sent you I mentioned the term structureless forms in an organization. What I mean with that is loosening of structure, especially from the traditional hierarchy, just to give more freedom to people. So, I guess, with structureless forms with that aspect. What structureless forms do you have in your company?

EF: Well, I think it's a general... I'm just thinking out loud here. It's a general misunderstanding that moving away from traditional structures, that structures become more loose. And with self-management structures such as Holacracy, I actually feel that there are more structure. Cause the more self-management you want to create in an organization the more clear and more defined you should have the context that you operate in. So what is the context that you are autonomous in? So, and what is the set of accountabilities that you have within a role? You need to be very clear about that in order for you as an organization and as a team to work together efficiently. Cause, if you don't have that you find people running all over the place, doing each others work, lots of overlap etc. so, I don't know if you have seen our organizational structure online already. If not, I can send you the link. You can actually see how we are organized in roles. You will probably be shocked when I tell you that we have probably more than a 1000 roles in our company. Divided over about 40 people. And that may look crazy, but it is very necessary to clarify everything that we can expect

from each other. Once that is clear, everybody can be autonomous in their roles that they fill. And why a 1000 roles? You can say you can do a 100 as well. By splitting the roles in smaller roles, its much easier to divide them over people. Its much easier to create a set of roles for people that fit them best. So, its probably becoming more clear if I sent you the link. This is actually public. Anyone can see how we are organized and why are we doing this? It is because we think we need to be transparent in everything we do. We are in the financial sector. It has a history of not being particularly transparent. We thought this is one of the first things we need to do and just be very transparent on how we are organized. So, it's a circle structure. Within the circle you see little bubbles and those little bubbles are roles. And if you click on those roles you see what is the purpose of the role and what are the accountabilities of those roles. And that times 1100.

21:40

I: With pictures even from all the employees. Ok, so, this is an interesting aspect actually. You said that misunderstanding of structure, less structure or loosening of structure. So, what is then the difference or what is the key difference between the traditional forms and the new upcoming forms now with Holacracy for example?

EF: Well, as I said, its... I think actually, and just referring back to that misunderstanding. I actually think that... I mean there are a lot of critics on self-management nowadays, you can read a lot on how these things fail, etc. I think one of the main reasons is that they fail because people are ... think that they should loosen the structure. That they should let people just go and do their own thing. But we think that's not the case because you actually need more structure to be good at self-management. And, could you repeat the question once more because I want to stay on topic.

23:12

I: Yes, so the key difference between the traditional forms of structuring and now the new forms of structuring.

EF: Yeah, typically decision that's the generally feeling, decisions should be made closer to the work floor. So, closer to where work is done. Because that's where the specialists are, that's where speed is created, and you move away from ... I see as a professional that this needs to happen, but I first need to ask my manager and my manager needs to ask my director to see if its in the strategy and the director needs to ask if there is a budget for it. You lose three months and you miss the opportunity. So, I think that's a big trend that decision should be made there. And from the organizational point of view, but also from the peoples point of view, when you empower people to make their own decisions you actually create more fulfillment, they are more happy, and by having that they are more productive, they even ... how do you call that, sickness percentage decrease etc.

24:53

I: Ok, that's interesting. So, you mentioned something that is personally important to you, is empowering people. Does that mean giving them more freedom?

EF: Well, more freedom when it comes to making decision about the stuff that they are accountable for. It does not mean freedom... Because you still at our place when we say we have some Holacracy meetings, you have 2 types of meetings in Holacracy. We say in Holacracy meetings you always have to be there, no exception. We don't say just because you are autonomous in your roles you don't have to be in those meetings anymore. No, we say you have to be at meetings. So, there is a set of rules that we still keep in order to progress as a team. When it comes to decision making within your own accountabilities, its nice, you can google that, there is a rule called the Ferrari rule in Holacracy, which means when you are assigned a role with a purpose, with accountabilities and you start fulfilling that role, you can go like a Ferrari. You can go as fast as you like. So, you can make all the decision that you feel are necessary for completing the role, for progressing in that role. But then you need to return again to, you need to make sure that the role is very explicit, that it is very clear what is expected from that role. And then you can say, ok, go ahead, be a Ferrari.

27:06

I: Ok, so, just concerning those roles. Do you develop a role on your own or is there a pool of roles and you just pick one?

EF: No, as I just shortly mentioned. You have 2 types of meetings in Holacracy. One is called the tactical meeting and in the tactical meeting you discuss all work related topics. And then you have a governance meeting. And a governance meeting is about how you are organized. So, what are the roles do we need? What are the policies that we need? And someone, anyone in the organization can actually propose a role. So, if someone thinks we need a role to deal with having a good quality coffee in the office, then this person can say, I want to create a role called... we actually have the role... "coffee lover". Someone thought that we need better coffee, so ok coffee lover. And there is a system or a meeting structure in which you can actually propose your role and then the people that are within the same circle, you see all those circles, they can actually give their reaction to the proposal and together you basically ... we call it "integrative decision making", you follow a process and you actually accept that role and then afterwards when the role is accepted by lets say the team, then there is one role within the circle called the "lead link". And the lead link is allowed to assign roles to people. So, its not said that the one coming up with the role actually gets the role. Many times, that happens, but not always. It's the lead link that decides who gets the role.

29:39

I: So, the lead link actually then has a little bit more power, it sounds like?

EF: No, because sometimes people think when they hear this story for the first time, ah then that's the manager in disguise. That is not the case because the only thing that the lead link does, is assigning resources. And there it stops. The role can not say anything about how you should fill the role or what goals the roles should fill or achieve. Its just you are going to do the role and that is it.

30:26

I: Ok, maybe just to recap, I guess, or just to touch on the structure again. Because I find this interesting. So, the traditional hierarchy, there is also a lot of clarity, right? What exactly is expected of you in your role and job description, what your responsibilities you have. I guess, in the traditional way the job description explains you how to do the job and you need to follow that and the new structures you kind of know the boundaries but you can decide or find out the best way to fulfill the role or the job, if I can maybe say it like that.

EF: Exactly, yes.

31:19

I: Ok, this is really interesting. This is, yes it makes sense that this activates the worker then to be more entrepreneurial to be more responsible and therefore also, yes...

EF: Yes. I don't know if we are going to touch upon this. Just go ahead with your questions. I think we will come back to the subject anyway.

31:50

I: I guess, if you want you can say what you want to say.

EF: Ok, so, yes it actually support people in being entrepreneurs, however, there is still a challenge when it comes to what type of roles suit people best. Because only when there is a 100% match between the person and the role you get the optimum, you know, and so we started using strengthfinder, I don't know if you ever heard of it.

32:46

I: I can imagine what it is.

EF: Yes, so it's a company called Gallup. And they are actually focus on research, like 100 questions or maybe more. They define 34 talents. So, people can have 34 talents. And by answering this questionnaire you get a top 5 talent. And we actually try to match those, everyone here in the company got it, and all new applicants do it as well and we try to match the talents with the roles that exist within the company. Because the research says if you can match that you can improve even more, than if you focus on your weak points and try to improve on them. So, it is all about improving talents, your strengths, instead of focusing on improving your other points. And actually, you want to create a situation where you have a group of people where you have a different set of talents. So, you can actually always have roles distributed in the right way. So that is one thing. The other thing is, so, when there is no one to judge you anymore, so there is no manager anymore who tells you how to do stuff

and judges you on your performance, how do you solve that, and Holacracy has basically the one type of meeting I told you about, has covered that. Because every day we have got tactical meetings, everyday you give your circle members feedback on their roles and how they fulfill their roles. And we feel that that type of feedback is much stronger than a manager or even an HR manager that gives you feedback every quarter or maybe every year. So, we feel that feedback should come from people that know the stuff that you are working with and it should be almost real time, because only then you can pick it up and do something with it and not wait months and months to receive your feedback. So that is how we do performance management. And a very important thing is, if you don't have any fixed job descriptions or traditional promotion opportunities, with traditional I mean you start as a professional then you become a team leader then become manager then become director, I mean we don't have that type of promotion. And then I'm talking about salary promotion as well. Because normally, I don't know if you know about the Peter principle?

36:31

I: No.

EF: The Peter principle is basically you are promoted until your own level of incompetence. And that follows the idea that not everybody is made for being a manager. But the incentive in becoming a manager is so big, because you get more salary, is then everyone wants to become a manager. So, at some point, and that is what I mean until your own level of incompetence. Some people just can't be promoted anymore because they suck at being a manager. So, we want to avoid that. We don't have job descriptions we don't have managers or whatever, we say everyone should follow their own path. And we expect and think that everyone contributes or has similar added value to the organization as others. So some may develop in a more coaching area, maybe develop more in being a specialist or something. But they are all free to develop the way they want. So, we created a compensation model in which your salary is completely detached from traditional performance management or performance indicators. It's a linear curve and every year you get the same pay increase. That means that people are actually motivated much more, not by external motivators such as, I need to take this particular role because then I can earn more, but it is I am going to take this role because I think this is where my talent lies, this is where I want to specialize in and this is where I can contribute to the organization the most. So, this is some important stuff that you need to tackle in order to be successful in a self-management company.

38:51

I: Maybe, I know we are over half an hour already, I don't know, do you still have 5 minutes?

EF: Yes, I blocked an hour for this one.

I: Thank you for that. Maybe if we could, just a last aspect, touch on the relationship between the environment, competencies that are necessary for being in that environment and the structure. So, the structure of Holacracy is very open... is not so defined ... actually I need to be careful on how I describe it. I guess the structure makes it possible so that you can react a lot faster, and also to be more innovative, to be able to stay competitive.

EF: The beauty is that everyone is expected to think about how we are organized. And that makes us and makes you agile, that makes you be able to do things quickly and to change things quickly. Cause in a traditional structure there is maybe an HR department that thinks about how a job description would look like and they do that in cooperation with the director level person who thinks that a job description should look like something and then you create something and then that's the job description you work with for the rest of the coming years. Here you almost have 40, so all people, that in their own work field they sense, you called that tension in Holacracy, they sense tension. They look at things and how they could be better. And it can be small things like coffee or bigger things such as how would we buy in things for online marketing or whatever. The beauty if that it is created from where the work happens. And its all in small steps. And as long as you do small steps forward you don't need 6 months to propose a role you just propose it in a meeting and there you go. And that makes it fit for very speedy decisions in improvement.

41:53

I: So, also I guess, this makes you agile as a company, right?

EF: Yes. Cause I mean if you look at our organizational structure we kept snapshots of it since the beginning, and how much the organization changes, just you see the cell structure, it changes daily or weekly, so, it's sometimes completely different circles you see and roles.

42:23

I: Ok. Would you refer Holacracy or some sort of structure like that, to all companies?

EF: Good question. I think when implemented well, many organizations could benefit from it, however we always say, we are not married to Holacracy and we know its not perfect yet, and once a new model comes around which work better we move to that. I mean it's not like the bible for us. But for now its very clear that its much better than traditional structures and then for us its like what Holacracy is all about, one step better, its just one step better. So, we take it.

43:20

I: So, it is just one step of the evolution I guess. And at some point something new will come or something more advanced.

EF: Yes. And it could be that, I mean Holacracy as a model is only 10 years old or so, and we are dealing with themes at the moment that are beyond Holacracy. So we are actually changing or we are experimenting with changing some of the rules of Holacracy. Holacracy has a constitution, and we are actually already challenging some of the things in the constitution because some things fit us better.

44:05

I: Ok, interesting. Could you give an example?

EF: An example is, I told you about the lead link, and the lead link is a role that assigns or divides resources. Now in the constitution it says that the lead link is assigned by the lead link by the super circle. So you have sub circles and super circles. Now we think that is quite hierarchical still. Because then you still have some sort of managerial context in which people actually assign people to do the lead link role. We say that those decision should also be made in the circle, in their own circle. So we are now testing with electing the lead link or maybe even rotating the lead link roles within the circle. And that's quite... If I would tell this to the inventor of Holacracy, he would actually get a heart attach I think.

45:35

I: Ok, but that's very interesting that even the system that you are going with still evolves and that you try to find new ways. I guess, that's maybe really the capability that is really necessary to be flexible enough to find the best way step by step.

EF: Exactly, and that is exactly what it is. And the hindering factor for mostly bigger companies, but also smaller companies, in their DNA there is no such motivation, no such mindset. They all shout about we are agile we need to be innovative. Those are just hype words. But if you don't have it in your DNA then you can put Holacracy or whatever in place, but its not going to work.

46:33

I: Yes that is right. So, I guess, when you introduced Holacracy, when was that?

EF: That was about 2 and a half years ago.

46:44

I: Ok. What resistance did you see from your employees? Or was there resistance? Just because you did mention that the mindset needs to be right. Did people leave the company because of that?

EF: No. I don't think we... anyone left because of the implementation of Holacracy. There were however, some very critical or skeptical people here. But we as a group decided together, and that's again a Holacracy term "is it safe enough to try?". So, is there a potential to be one step better and is it safe enough to try? Can we still move back to the old situation if it doesn't work? So, we as a group said that eventually we are going to try it. But there were some people that said I'm perfectly fine with the structure as it is now. We can still be innovative. I actually like it that my managers say how things need to be done and what is expected from me. And that has changed dramatically. I think the ones that were most critical now have actually developed an acceptance to Holacracy the most. Because it also

opened up options and possibilities for them that they weren't aware about when they were in the old structure.

48:24

I: What about the managers? Where they resistant?

EF: Well, you'll always have and you still have based on seniority and work experience, this implicit hierarchy sometimes. And there is nothing wrong with that per se, as long as its following lets say the rules of Holacracy. And I think that's a process in which also like the previous managers should go through. One is more easy to adapt to the new situation than others. But no major issue there. But there always that, lets say, change process.

49:14

I: Interesting. Ok. I think that was it from my side. Just very interesting discussion and interview with you. Thank you for all the interesting insights and comments. Do have a few last comments?

EF: No, I'm happy that you are happy.

I: Thank you.