Case Study Report - Valve

The ‘No Manager’ Company: How Does it Work?

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# **Introduction**

This report will outline the management issue that has been identified in the case study *The ‘No Manager’ Company: How does it work*. This is a case study relating to the Business structure of the worlds leading gaming design company, Valve. With this particular case Valve has an issue with the structure of their company and the control, specifically of employees and resources. This issue can lead to many problems that otherwise could be avoided. Organisational structure can be defined as the arrangement of lines of authority, communications, rights and duties within a company, business or organisation. Organisational structure defines how roles, power and responsibility are assigned, controlled, practiced and coordinated; it also outlines how information flows through the lines of authority in the organisation. This report will give an argument for the implementation of a new organisational control system and explain how Val. Management theory Z will also be explored within this report. Once this has been disgusted recommendations will be given to management. Valve has an ineffective organisational structure and could benefit in changing their structure to resemble more of a hierarchy and implementing certain types of controls.

# **Problem Identification**

**There are many different problems identified throughout the case but one is made very clear, the problem or issue that is most prominently stated is the lack of organisational structure within the organisation, this is shown in the first sentence of the case study “**Imagine a company where there are no managers, no-one has a private office, there is no clear organisation structure” (Case Study). **Having a poorly organised structure can lead to many problems such as; break downs in communication, employee independence and many more. If communication breaks down in the organisation there will be major repercussions among all aspects of the business. If staff cannot communicate with each other then objectives cannot be met and resources will be inefficiently used. There is also I high chance of duplicating tasks where employee’s may not be aware that other employees have already completed that task. This also leads to poor resource management and a waste of resources that could have been used on later tasks. Although their may be a case toward allowing employees to have a lot of independence.**

**In this case allowing to employees to have a lot of freedom can be damaging to the proceedings of the organisation. By doing this employees get to choose what projects they work on and who they work with.**

# **Case for a New Organisational Structure**

**There is a large case for Valve to change their organisational structure from their current flat structure to a more traditional structure. Building a new structure of an organisation is directly effected by a number of different factors outlined by the growth of organisational theories and ideas. Having a clear organisational structure will increase the efficiency of an organisation. Having this structure will allow the organisation to accurately, distribute and coordinate; tasks, assignments and projects across employees. It will also allow the organisation to have a clear line of communication. An organisational structure design such as a hierarchical design, where there are clear lines of management and a clear leader would be a design that allows for employees to have enough freedom but also have some supervision and structure to their proceedings. Theory Z is a management theory derived from Japanese management which focuses on long-term employment, lateral job movement and slower promotions this theory times in well with a hierarchal structure but also keeps some of Valves current structure. The theory points toward freedom within the organisation and between jobs and tasks but also keeps a structure toward communication and resource management.**

# Case for Control

**Valve has struggled with its distribution of employees across projects by allowing staff to work on any project they like. This is great for the employee as they get to choose what they work on, but naturally employees want to work on the most prestigious tasks to increase their stature within their discipline. This is not good for the organisation has a whole, as employees will put aside other jobs that may need more serious attention to work on a project that doesn’t require such attention. Communication is an important piece of organising employees and resource allocation. Poor communication can lead to having two employees that specialise in design, on a task that only needs one.**

**This then means that games or other tasks are delayed because the organisation did not communicate and organise between each other whom was tasked with what. To stop this from occurring Valve could look to implement Feedforward, Concurrent and Feedback controls, these are the three major types of managerial controls. Feedforawrd controls ensure the right directions are set and the right resources are in place and available. This can combat the problem of having to many people on certain projects and help allocate resources more effectively. Concurrent Controls ensure the right things are being done during the process of completing the task. This can be implemented to oversee the employees and making sure that they are staying on task and that the project will be completed by the due date. Feedback controls ensure that the final product that has been produced is up to the desired standard of the organisation. This allows the organisation to have good quality control and be able to have as close to a perfect product as possible to put on the market. Currently Valve rely on internal controls which occur through self-discipline and self-control of the employees. By implementing an external control that will supervise and keep employees on task. Implementing this will also help with resource allocation to projects and tasks.**

# Solution of Organisations Issue

There are many options that would solve the problem Valve currently have. By implementing parts of both possible solutions Valve would be able to create a more efficient work environment. Changing their structure will improve the communication between teams within the organisation and help the physical implementation of the controls. By having a manger or managers to oversee the processes that are currently in pace to complete tasks will give a professional insight on the quality of the work of the employees and progression of the task or project. Clear lines of management will allow employees to ask question to higher more knowledgeable people to answer their questions. This will in turn cut down the time it takes in order complete projects and keep the quality of the finished product to a high standard.

# Conclusion

Taking into account the two possible solution to Valves management issue there was not one clear option, but a mixture of both. By changing the structure of the organisation Valve can benefit in having a more structured organisation and from having clearer communication channels to work through. Implementing controls into the organisation will give the organisation better resource allocation and employee management. Valve can benefit from implementing sections of both solutions in order to create a more effective business model.

# Recommendations

* Change organisational structure to embody a hierarchy
* Create better communication
* Implement Feedforward, Concurrent and Feedback controls
* Using external controls to supervise the distribution of resources

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