interesting reflections, especially the recommandations.
But the examples are sometimes not explained
or not clearly linked to the concepts analyzed making hard to follow

MANAGEMENT COURSE

Management Diagnostic Report

SPOTIFY



A structured assessment of planning, leading, organizational structure, and controlling - with recommendations to strengthen Spotify's management model at scale.

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SECTION 1

Introduction

The objective of this report is to conduct a management diagnosis of Spotify's main practices in planning, leading, organizational structure, and controlling, and to propose practical improvements.
Spotify is a relevant case because it combines international scale with a business built on technology, creativity, and continuous innovation. Founded in Stockholm in 2006 and launched in 2008, Spotify had 7,302 full-time employees globally in mid-2026. For Q3 2026, Spotify reported 788 million monthly active users and 306 million Premium subscribers across 184 markets (Spotify, 2026c).

Choosing Spotify for this analysis stems from our team's shared interest as management students at Montpellier Management. Combining general management perspectives with backgrounds in media management and the music industry, our team was drawn to Spotify's unique positioning. Unlike Silicon Valley giants, Spotify operates on a distinctly Swedish organizational culture built on trust, consensus, and flat hierarchies.

The company presents a real management dilemma: while autonomous teams drove its early growth, managing autonomy at scale has created friction. Tools like Backstage were introduced to tackle technical complexity, and the 2023 reorganization aimed to reduce alignment overhead (Spotify Engineering, 2021b; Spotify, 2023b). As products, teams and dependencies grow, this diagnosis evaluates whether the management model that supported early innovation remains effective at scale.

Planning
Examines whether Spotify's purpose gives enough direction without becoming too narrow.

Leading
Assesses how local autonomy works in practice and where employees need more support.

Structure
Studies how specialized teams coordinate without losing flexibility.

Controlling
Reviews how Spotify uses targets, data, culture, and feedback to stay on course.

Management question: Can Spotify preserve the autonomy that supports innovation while improving alignment, coordination, and control as organizational complexity grows?

SECTION 2

Planning - Purpose and Strategic Direction

2.1 Why Purpose Matters for Spotify

Spotify has moved beyond being simply a music-platform. Today, it brings together different forms of audio content, creators, audiences, and business activities. In this context, a clear purpose gives the company a common direction and helps it decide what fits with what it wants to achieve.

A purpose should not be limited to an inspiring sentence. It should help employees understand where the company is going, guide strategic choices, and make clear to users and creators what makes Spotify different from competing platforms.

This becomes particularly important when Spotify considers entering new formats, developing new services, or investing in new experiences. A broad idea such as creativity gives flexibility, but it may provide only limited help when managers need to choose between several attractive opportunities.

2.2 Spotify's Current Purpose

Spotify officially presents its mission as:

> **"Our mission is to deliver creativity to the world - one note, one voice, one idea at a time."**

Immediately afterward, Spotify explains that it focuses on building a valuable experience by connecting people with art and the creators who shape it (Spotify, n.d.-a).

While the extra text gives helpful context, only the opening sentence is evaluated here as Spotify's official mission.

2.3 Assessment of the Current Purpose

To assess Spotify's purpose, this report applies the three questions derived from Cynthia Montgomery's definition in *Strategy and the Purpose Driven Leader*: Who are we? What makes us distinctive? What do we exist to achieve? (Executive Speakers Bureau: Book Keynote Speakers, 2019).

Who are we?

Spotify's mission makes it clear that creativity is at the center of its identity. The expression "one note, one voice, one idea at a time" also suggests that Spotify is not limited to music, but works with several forms of creative content.

However, the mission alone does not fully explain Spotify's role within this creative ecosystem. "Deliver creativity to the world" shows what the company values, but does not precisely identify what kind of organization Spotify is or how it creates value. This becomes clearer in the explanation that follows the mission, where Spotify presents itself as a connection point between people, art, and creators. The purpose therefore answers "Who are we?" only partially.

What makes us distinctive?

The expression "deliver creativity to the world" is memorable and positive, but also broad. Other organizations in music, entertainment, or creative content could use a similar statement.

The accompanying explanation adds more substance by emphasizing experience and connection, but saying that Spotify wants to provide the best experience mainly communicates an ambition; it does not explain exactly what makes Spotify different.

The strongest basis for differentiation is Spotify's role between two sides of the platform: listeners looking for relevant discovery and creators trying to reach the right audiences. This is more specific than simply saying that Spotify delivers creativity.

What do we exist to achieve?

This is the question Spotify's mission answers most clearly. The company does not define its reason for existing as merely streaming music, podcasts, or audiobooks. Instead, it presents a broader ambition: making creativity available to the world.

Some ambiguity remains regarding the final outcome. The statement explains what Spotify wants to bring to the world, but is less explicit about what should change for listeners and creators as a result.

> **Assessment.** Spotify's current purpose is strong in inspiration, but weaker in strategic precision and differentiation. While employees might not be confused right now, a purpose that is too broad becomes a real risk as Spotify adds more types of content.

A counterargument is that a broad purpose can help a company adapt as markets and technologies change. We agree. The goal is not to make Spotify's purpose narrow or product-specific, but to define its lasting role more clearly.

2.4 Note to the CEO - Improving Spotify's Purpose

Spotify's mission is inspiring, but it is not yet precise enough to guide difficult choices. “Deliver creativity to the world” explains what Spotify cares about, but not clearly which projects it should prioritize and which ones it should reject. Since January 2026 Spotify has been led by two co-CEOs, a shared purpose can also provide a common rule for strategic decisions at the top.

We recommend keeping creativity as the central idea while stating more clearly that Spotify connects listeners and creators.

Our proposed purpose focuses on bringing people and creators closer. This means improving discovery for listeners and helping creators reach relevant audiences. It means improving discovery for listeners and helping creators reach relevant audiences.

- **Who are we?** A company that connects people and creators through audio.
- **What makes us distinctive?** Spotify creates value between audiences seeking relevant content and creators seeking the right audience.
- **What do we exist to achieve?** To improve discovery for listeners and audience access for creators.

The purpose also balances stability and adaptability. Spotify's products and technology may change, but its role as a connector can remain stable.

> **Does this help listeners discover value and help creators reach the people who are most likely to value their work?**

A revised purpose will only create value if leaders use it to select, reject, and coordinate projects. If it remains only a communication statement, changing the wording will have little effect.

PROPOSED PURPOSE

Spotify exists to bring people and creators closer through audio - helping listeners discover the music, voices, and ideas that matter to them, while helping creators reach the people who value their work.

SECTION 3

Leading - Empowerment and Employee Management

3.1 Current Leadership and Management Practices

For this assessment, empowerment is understood as delegating authority and decision-making, sharing relevant information, and asking employees for input (Bez, 2026a; Lee et al., 2018).

Aligned Autonomy

One important idea at Spotify, particularly within its product and technology teams, is aligned autonomy. Spotify describes this as agreeing on what teams are trying to achieve while giving them flexibility over how they achieve those goals (Spotify Engineering, 2021a).

This approach is also visible in Spotify's values. One Team focuses on alignment and breaking down silos, while Human Judgment emphasizes trusting employees to make decisions, take thoughtful risks, and learn from mistakes (Spotify, n.d.-b).

Work From Anywhere

Spotify gives employees flexibility through its Work From Anywhere program. The model was introduced as a distributed-first approach designed to give people greater choice over where they do their best work (Spotify, 2021). This increases control over work location, but true empowerment requires having real influence over priorities and big decisions.

Work From Anywhere offers employees greater flexibility and may support motivation and productivity. However, flexibility over work location does not automatically mean greater influence over important decisions. Distributed teams may also face challenges in coordination, communication, and maintaining boundaries between work and personal life. Spotify should therefore evaluate not only employee satisfaction with flexibility, but also its effects on collaboration, decision-making, and team performance (Choudhury et al., 2021).

Hack Week and Experimentation

During Hack Week, employees from different areas temporarily step away from normal work and collaborate on ideas linked to their interests, creativity, and skills. Thousands of employees participate, and Spotify confirms that products such as Discover Weekly originally came from Hack Week (Spotify, 2023a).

Hack Week provides dedicated time for experimentation beyond regular responsibilities. However, its long-term value depends on what happens afterward. Promising ideas may fail to progress if teams lack development time, resources, or clear ownership. The management challenge is therefore not the limited duration of Hack Week itself, but ensuring that promising ideas have a realistic path toward implementation.

Learning and Development

Spotify also emphasizes continuous learning through challenging assignments, new problems, shared knowledge, and access to learning opportunities (Spotify, n.d.-b). This matters because autonomy is more useful when employees have the skills and confidence needed to use it effectively.

3.2 Assessment of Empowerment

Spotify's model can be described as **high local autonomy within clear strategic, technical, and inter-team constraints**. Teams have considerable freedom over how they work, but this freedom is limited by shared objectives, platform standards, dependencies, and decisions that affect the wider organization.

Research discussed in class shows that empowerment tends to have stronger effects on creativity, trust, and organizational citizenship behavior than on routine tasks. Its effectiveness also depends on employee experience, culture, and the type of work being performed (Bez, 2026a; Lee et al., 2018).

Daniel Pink: Autonomy, Mastery, and Purpose

Spotify's practices can be connected to Daniel Pink's three elements of intrinsic motivation:

- **Autonomy:** teams have freedom in how they achieve their objectives.
- **Mastery:** employees have opportunities to develop skills and expertise.
- **Purpose:** employees can connect their work with a broader organizational objective.

Pink's framework is useful because autonomy alone is not enough. It works better when employees also have opportunities to improve and understand why their work matters (Pink, 2009).

The Limits of Empowerment at Spotify

Šmite et al. (2023) examined autonomy inside Spotify through team retrospectives, manager interviews, and company information. They found that scaled autonomy does not mean unlimited freedom: squads are expected to take responsibility while aligning their decisions with other teams.

Spotify's experience with Backstage shows the practical cost of autonomy at scale. Fragmentation, unclear ownership, and technical complexity made shared infrastructure necessary (Spotify Engineering, 2021b).

The 2023 workforce reductions add another boundary condition. According to Maslow's hierarchy, perceived security influences whether people can fully engage with higher-level needs such as autonomy and self-development (Bez, 2026a). The reductions do not prove that Spotify employees became less willing to take risks. They show why formal autonomy and perceived empowerment may not always be the same.

> Empowerment is a major strength at Spotify, but it works only when people have clear objectives, enough skills and resources, and manageable dependencies.

3.3 Note to the CEO - Making Empowerment More Effective

> Spotify should clarify decision rights and support employee-driven innovation. Effective empowerment requires autonomy, information, and resources (Lee et al., 2018). Time flexibility should remain a secondary priority.

Recommendation 1 - Make "Freedom Within Guardrails" More Concrete

Spotify could create a simple decision map showing which decisions a team can make independently and which ones require wider coordination. A pilot with a small number of product and technology squads could classify recurring decisions as:

- **Green:** the squad can decide independently.
- **Yellow:** the squad should coordinate with another team first.
- **Red:** the decision requires wider approval because it affects privacy, security, reliability, or the whole platform.

Can squads use this decision map quickly without getting bogged down in endless classification?

Recommendation 2 - Give Hack Week Ideas a Clearer Path to Impact

Spotify could create a defined Hack-to-Impact stage. After each Hack Week, a small number of promising ideas could receive additional development time, an internal sponsor, one clear hypothesis to test, and continued involvement from the employees who created the idea.

Only ideas linked to a clear listener, creator, or business problem should receive follow-up support. Selecting too many projects would create a second development process.

Recommendation 3 - Secondary Pilot: "Work From When It Works"

Spotify could test more flexibility regarding when focused individual work is performed. This connects with Camilla Kring's work on applied chronobiology and the idea that people do not necessarily perform at their best at the same times of day (Thinkers50, n.d.-b).

A small number of distributed teams could agree on shared collaboration periods and give employees more freedom over individual focus time. While less practical for urgent roles like live support, distributed focus time under "Work From When It Works" can easily be tested in regular R&D squads.

SECTION 4

Organizational Structure

4.1 Characterizing Spotify's Structure

Organizational structure determines how work is divided, how decisions are made, and how different teams coordinate their activities. The course analyzes structure through five building blocks: specialization, formalization, centralization, hierarchy, and coordination (Bez, 2026b).

Specialization - High, but Connected Through Cross-Functional Teams

Spotify has specialized teams across product, tech, ads, content, and design, with around 700 R&D squads using Backstage in 2025 (Spotify Engineering, 2025b). This gives Spotify deep expertise, but it also creates strong dependencies between teams.

Formalization - Used Selectively

Spotify uses formal processes selectively, introducing them only when autonomy starts creating unnecessary confusion. Tools like Backstage help reduce technical silos, while Request for Comments (RFCs) help align decisions when several teams are involved (Spotify Engineering, 2024c; 2025b).

Centralization - A Mixed Model

Spotify combines clear leadership at the top with decentralized work in the teams. Since 2023—and formalized with the co-CEOs in 2026—broad strategy is set at the top, while day-to-day choices stay close to the squads doing the work (Spotify, 2023b; 2025b).

Hierarchy - Clear at the Top, Harder to Map Below

Spotify has a clear strategic apex through its co-CEOs and Executive Chairman. Public information does not reveal the exact number of hierarchical levels across the company or the average span of control. Spotify has clear senior authority but gives considerable responsibility to lower-level teams. It would be misleading to describe the whole organization as completely flat.

Coordination - Spotify's Main Structural Challenge

Mintzberg identifies several coordination mechanisms, including direct supervision, mutual adjustment, and different forms of standardization (Mintzberg, 1979).
Spotify Engineering has explicitly described the tension between its autonomous structure and the need to provide a unified experience across Creator, Ads, and Consumer. Backstage, RFCs, shared design systems, and cross-functional teams help manage this tension (Spotify Engineering, 2024a). The creation of Backstage and the 2023 reorganization provide company-specific evidence that coordination is not only a future risk. Spotify has already had to change systems and leadership responsibilities to reduce fragmentation and synchronization costs. Spotify's key structural challenge is finding the right balance between keeping a unified platform experience and letting squads move fast with clear ownership.

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4.2 Beyond the Five Building Blocks

A Hybrid Structure with Characteristics of Adhocracy

Spotify shows characteristics of Mintzberg's adhocracy, particularly in product and technology: cross-functional teams, experimentation, decentralized decisions, and collaboration between specialists.

At the same time, Spotify has clear functional leadership and shared systems. It is therefore best described as a hybrid structure that combines a relatively decentralized operating model with stronger strategic leadership and common coordination mechanisms.

Mintzberg (1979) presents adhocracy as suitable for complex, innovative, project-based work, but its flexibility also creates coordination challenges as organizations grow. Spotify's scale therefore requires complementary standards and shared platforms such as Backstage.

Experimentation as a Sixth Building Block

Gary Hamel's work on Humanocracy argues that organizations requiring continuous innovation should avoid relying excessively on bureaucracy and should make experimentation part of how the organization operates (Hamel & Zanini, 2020; Thinkers50, n.d.-c).

Spotify's experimentation platform, Confidence, has helped scale experimentation across hundreds of teams. Spotify's Experiments with Learning framework values experiments not only when they produce a winning feature, but also when they generate valid information for future decisions. Spotify reported an average learning rate of approximately 64%, compared with a much lower win rate (Spotify Engineering, 2025c).

Assessment: Greater team autonomy may improve local decision speed while making cross-team coordination more demanding. Backstage illustrates Spotify's need for shared standards, but does not prove that autonomy itself is ineffective. The key question is which decisions benefit from local independence and which require coordination across teams. Experimentation must also avoid duplicated effort and disconnected solutions.

4.3 Note to the CEO - Improving Spotify's Organizational Structure

Spotify's decentralized structure supports innovation, but coordination across specialized teams remains challenging (Šmite et al., 2023). While Backstage and RFCs support technical alignment, strategic dependencies may require additional coordination (Spotify Engineering, 2021b; 2024c). We therefore recommend temporary cross-domain missions with shared objectives and clear responsibilities to improve alignment without restricting team autonomy.

> **Recommendation - Create Temporary "Creator-Listener Connection Missions"**
>
> Spotify could create a small number of temporary cross-domain missions for problems that cannot be solved effectively inside one existing squad or function. A Discovery & Creator Growth mission could bring together people from Consumer, Creator, Product, Engineering, Content, and Data.
>
> The mission would ask:
>
> - Are listeners discovering content they genuinely value?
> - Are creators reaching relevant audiences?
> - Is an improvement for one group creating a problem for the other?
>
> Each mission should have one shared objective, a few common measures, clear decision responsibilities, and an integration lead. It should also have a fixed end date and close once the cross-domain problem has been solved or transferred to a permanent owner.

Implementation Considerations

The biggest risk with these missions is creating double management: if a temporary mission and an existing domain both think they own the same decision, things will slow down instead of moving faster. Other risks include squad frustration over lost autonomy, extra meeting overhead, and the chance that a temporary mission turns into a permanent layer of bureaucracy.
From a strategic management perspective, our team considers cross-domain missions essential for ensuring that specialized squads work toward a unified strategic direction rather than operating in isolated silos. Establishing shared cross-functional goals helps align product engineering directly with broader business objectives. However, management must apply these governance layers with restraint. Excessive coordination mechanisms can quickly lead to 'meeting fatigue' and bureaucratic friction, effectively stalling execution and defeating the very agility that Spotify's decentralized structure was designed to achieve.

Spotify should begin with one six-month pilot and establish baseline measures for decision speed (measured by the average time required to resolve cross-team decisions), cross-team collaboration, and perceived autonomy. After six months, managers should compare outcomes with those of similar teams outside the pilot, while considering differences between teams. The mission should only be expanded if coordination and listener or creator outcomes improve without reducing team autonomy or creating excessive administrative work. Local squad autonomy should remain the default where decisions do not affect other domains.

> Preserve autonomy in local work, but use temporary coordination when value depends on several domains making one decision together.

SECTION 5

Controlling

5.1 Spotify's Controlling Functions

Control does not only mean supervising employees or creating rules. In the course, control is presented as a feedback loop: the organization defines a target, observes actual performance, compares results with the target, and takes corrective action when needed (Bez, 2026c).

The course distinguishes feed-forward control before an activity, concurrent control while it takes place, and feedback control after the result.

Performance Management - Controlling Outcomes Rather Than Activity

Spotify's approach appears closer to self-control than traditional control by command. The company states: “Impact over activity - We measure success by outcomes, not hours.” Its value of Human Judgment also emphasizes trusting employees to make decisions, learn from mistakes, and remain accountable for results (Spotify, n.d.-b).

A potential weakness is that “impact” can be interpreted differently. Highly visible or easily measurable results may receive more attention than collaboration, learning, or prevention.

Financial Control - Targets, Measurement, and Correction

Spotify uses indicators including revenue growth, gross margin, operating margin, free cash flow, engagement, efficiency, and retention. At its 2026 Investor Day, Spotify reported a 32% gross margin in 2025, more than 18 percentage points of operating-margin expansion since 2022, and nearly EUR 3 billion in free cash flow (Spotify, 2026a).

This combines feed-forward control through targets and investment expectations with feedback control through comparison of actual results and future resource allocation.

Quality Control - Preventing and Detecting Problems During Releases

Before a release moves forward, Spotify teams check for release-blocking bugs, complete testing, and monitor quality indicators. The app release process includes an initial 1% rollout before a full rollout, allowing problems to be identified before every user receives the update (Spotify Engineering, 2026b).

This combines feed-forward control before release, concurrent control during rollout, and feedback control through post-release data.

Product and Strategic Control - Experimentation Before Scaling Decisions

Spotify's A/B testing system combines success metrics, guardrail metrics, deterioration metrics, and quality metrics (Spotify Engineering, 2024b). The system does not recommend shipping a change simply because one metric improves. It also checks that important guardrails have not deteriorated and that the experiment is valid.

5.2 Spotify as a Multiple Control System

Spotify combines formal controls, cultural controls, and self-control. Financial targets, release thresholds, testing requirements, and experimentation rules provide formal control. One Team, Human Judgment, and responsibility for outcomes provide cultural and self-control.

This reflects Malmi and Brown's (2008) idea of management control as a package. The real key is balance: with too little control teams drift apart, but with too much control they lose their freedom to experiment.

5.3 Note to the CEO - Strengthening Spotify's Control Processes

Spotify's control system balances performance measurement with employee autonomy, but an excessive focus on measurable outcomes may overlook long-term value creation (Malmi & Brown, 2008). We therefore recommend clearer strategic performance indicators, appropriate guardrails, and cross-team learning reviews to improve decision-making while preserving employees' freedom to experiment.

Potential Weaknesses

What is measurable can become more important than what matters. Spotify operates with large amounts of data, so teams may optimize one indicator without understanding the trade-offs. Spotify itself notes that increasing immediate listening through familiar songs can reduce discovery and harm longer-term satisfaction (Spotify Engineering, 2026a).

Control still depends on human interpretation. Concepts such as impact and Human Judgment require managerial judgment. Two managers can interpret the same result differently.

Autonomy only works if problems can move upward. Amy Edmondson's work on psychological safety shows why teams need to discuss errors, questions, and concerns without unnecessary fear (Bez, 2026c; Thinkers50, n.d.-a).

Recommendation 1 - Extend “Success + Guardrails” to Major Strategic Projects

Before a major project begins, the team could define one main success metric, two or three guardrails, and one learning question. This would make trade-offs visible before the project scales.

Recommendation 2 - Use Cross-Team Learning Reviews to Protect Psychological Safety

Spotify teams already use retrospectives to examine how an individual team works (Šmite et al., 2023). The proposed Learning Reviews would focus on larger projects involving several teams, with actions followed across the organization so recurring problems become visible.

After an important project, experiment, or unexpected failure, the review could ask: What worked? What did not work or surprise us? What will we change next time?

Each review should end with one or two actions, an owner, and a follow-up date. The review should remain separate from individual performance evaluation. If people believe that admitting a problem can reduce their rating, the process would weaken the psychological safety it is meant to protect.

Recommendation 3 - Build a Small Strategic Control Dashboard Connected to Purpose

Spotify already uses many KPIs. The recommendation is not another large dashboard, but a small shared view that makes trade-offs visible.

Area	Possible indicators
Listeners	Engagement and retention; discovery of new content
Creators	Reach to new audiences; creator retention
Business	Revenue growth; gross margin; free cash flow
Quality	Crash rate; release-blocking incidents
Learning	Major issues surfaced early; follow-up actions completed

The dashboard should remain small. If too many indicators are included, people may again focus on what is easiest to measure rather than what matters most.

SECTION 6

Conclusion

The evidence points to a strong but conditional management model. Spotify's autonomy, experimentation, and employee responsibility support innovation, but the company has already needed shared infrastructure and leadership changes to manage fragmentation and alignment costs.

Our final position - shaped by our perspective as management students analyzing global platform dynamics - is that Spotify should protect autonomy, but manage it more deliberately. The most important current issues are the unclear boundaries around some team decisions and the coordination costs created when several domains depend on one another. The main future vulnerability is that these tensions may grow as Spotify adds products, technologies, and cross-team dependencies.

Priority 1 - Clarify the boundaries of team autonomy.
Priority 2 - Use temporary cross-domain coordination for problems that affect both listeners and creators.

The other recommendations support these two priorities. A clearer purpose gives managers a better strategic filter. Moving beyond isolated one-week timeboxes to continuous, psychologically safe spaces improves the path from employee ideas to implementation. Similarly, balancing remote flexibility without losing team boundaries helps teams learn and make trade-offs without replacing autonomy with tighter supervision.

A possible objection is that Spotify's recent financial improvement suggests that its current model already works well. We partly agree: the results show stronger discipline. However, financial improvement does not mean that fragmentation and coordination costs have disappeared. Backstage and the 2023 reorganization show that Spotify has already had to respond to these issues. These recommendations are most relevant if Spotify continues increasing the number of products, formats, and interdependencies. If complexity stabilizes, some extra coordination mechanisms may create more cost than value.

As a first step, Spotify should pilot clearer decision rights and temporary cross-domain coordination in selected teams, evaluating their impact before wider implementation.

Spotify does not need a new management model. It needs clearer rules for when autonomy is enough and when collective coordination is necessary.

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8. Use of AI Disclosure

We used an AI assistant to help improve the structure and wording of some parts of this report and to suggest additional sources. The group reviewed the analysis, checked the facts and sources, and retained responsibility for the final content and recommendations.