Good report, see comments to push even further

MANAGEMENT DIAGNOSTIC REPORT



L3 International Management - Management class

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to Sea BEZ

A project running from September to November 2026.

UNIVERSITÉ DE MONTPELLIER

MONTPELLIER MANAGEMENT

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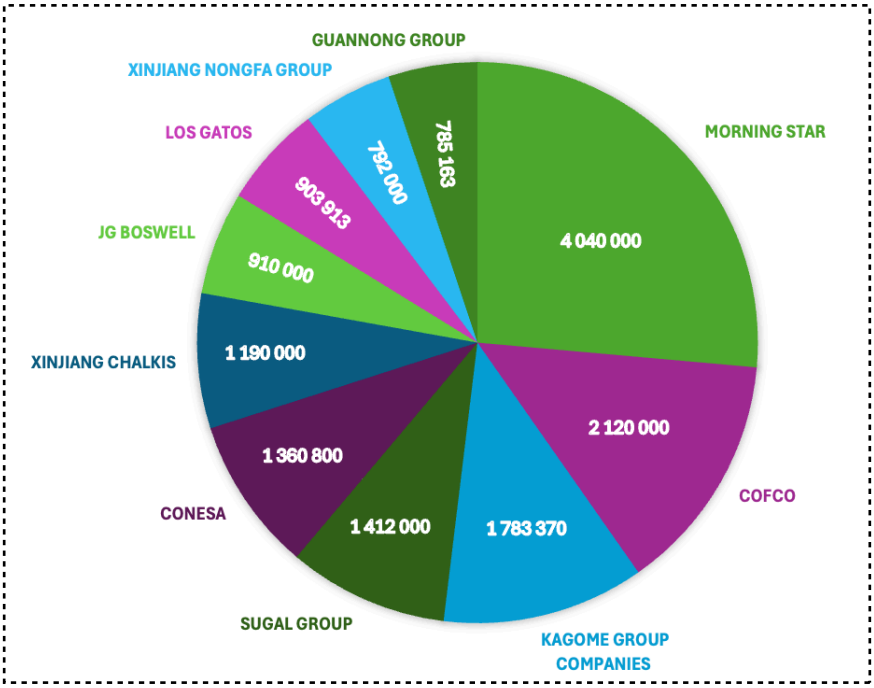
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INTRODUCTION

This report presents a management diagnosis of The Morning Star Company. As a consulting team, our objective is to evaluate the company's management practices by identifying the strengths and limitations of the management system and proposing recommendations for improvement. Our analysis is based on the four management functions: planning, leading, organizing, and controlling (Bez, 2026).

Morning Star is a tomato processor founded in 1970 by Chris Rufer and based in California. It operates across the entire value chain, including growing, transplanting, harvesting, agricultural technology, trucking, processing, and the distribution of products such as tomato paste, diced tomatoes, and purees (Minnaar, 2016). Currently, the company employs approximately 550 permanent employees and over 2,500 seasonal workers during peak harvesting periods (The Morning Star Company,n.d.-b).

Figure 1 - Top 10 Tomato Processing Companies by Volume Processed in 2024 (Metric Tonnes)



***Source** : Figure created by the authors using data from Colvine (2025)*

Figure 1 illustrates the dominance of Morning Star in the tomato processing industry. In 2024, the company processed 4.04 million metric tonnes of tomatoes, nearly twice the volume processed by the second-ranked, COFCO (2.12 million metric tonnes), confirming its position as the world's largest tomato processor (Colvine, 2025).

"Morning Star, a leading food processor, demonstrates how to create an organization that combines managerial discipline and market-centric flexibility—without bosses, titles, or promotions."

(Hamel, 2011, p. 49)

Hamel's statement highlights what makes Morning Star, beyond its industrial success, stand out for its unconventional management approach. The company operates without traditional managers

and formal hierarchies, yet it remains organized, structured, and efficient. Employees, treated as colleagues, organize themselves, make decisions, and coordinate directly with one another enhancing trust, autonomy and transparency. Therefore, Morning Star is able to adapt quickly to the needs of customers and the market. This innovative structure is called self-management and has been implemented for over 30 years in the company. It is based on two principles: voluntary interactions and honoring commitments (Minnaar, 2016).

The Morning Star Company is a particularly relevant case for management diagnosis because it challenges many of Fayol's management principles that have shaped organizations for more than a century. For instance, principle of unity of command suggest that every employee should receive orders from only one superior (Bez, 2026). Its success illustrates that self-management can be implemented effectively even within a large industrial organization. However, this unconventional structure also raises important managerial questions regarding coordination, responsibility, communication, and performance control.

PART 1 - PLANNING - STRATEGIC PURPOSE

1.1 MORNING STAR'S CURRENT PURPOSE

Morning Star defines its Enterprise Mission as:

"To Add Value for Others":

"Everyone is responsible for achieving our Enterprise Mission which is to produce tomato products which consistently achieve the quality and service expectations of our customers in a cost-effective, environmentally responsible manner."

(The Morning Star Company, n.d.-c)

The sentence "To Add Value for Others" summarizes Morning Star's Enterprise Mission, while the longer description explains how the company intend to achieve it. (The Morning Star Company, n.d-c).

A company's purpose should express why it exists, what value it creates and what gives direction to its activities. A clear purpose is important because it helps guide strategic choices while allowing employees to understand how their work contributes to the organization. It also helps customers, suppliers and other stakeholders understand what the company stands for and why they should engage with it (Bez, 2026). A clear purpose can serve as a common reference for individual decisions, which is important for company like Morning Star.

Figure 2 - Morning Star's Mission Focused Self-Management Model



Source: *The Morning Star Company. (n.d.-c)*

As illustrated in Figure 2, Morning Star translates its Enterprise Mission into Business Unit Missions, which define each team's contribution, and Personal Commercial Missions (PCMs), which specify each colleague's individual responsibilities (The Morning Star Company, n.d-c). This alignment helps connect individual activities to the company's broader objectives.

Hamel (2011, p. 52) provides a concrete example of how this mission-based approach influences employees' work. Paul Green Sr., an experienced plant technician, explained that his personal mission and commitments guided his work rather than instructions from a manager.

1.2 STRATEGIC ASSESSMENT OF THE CURRENT PURPOSE

According to Cynthia Montgomery (2012), a strong organizational purpose should provide clear answers to three fundamental questions: Who are we? What makes us distinctive? What do we exist for? These questions provide a framework for assessing whether Morning Star's current purpose is sufficiently clear and strategically useful (as cited in Bez, 2026).

Who are we?

Morning Star's Enterprise Mission partially answers this question by identifying the company as a producer of tomato products. However, it does not clearly communicate its identity as a self-managed organization (The Morning Star Company, n.d-c). Therefore, the statement explains what Morning Star produces more clearly than what makes its organizational identity.

What makes us distinctive?

This is the weakest dimension of Morning Star's current purpose. Although its Enterprise Mission emphasizes quality, customer service, cost-effectiveness and environmental responsibility, these commitments are also found among major competitors. For example, COFCO emphasizes food quality and environmentally responsible development (COFCO Corporation, n.d-a), while Kagome highlights product quality, consumer well-being and respect for nature (Kagome Co., Ltd., n.d-a). This comparison suggests that these commitments alone are not enough to clearly distinguish Morning Star. However, according to the information on their websites, COFCO and Kagome do not follow the self-management model compared to Morning Star who are. This provides a clearer basis for differentiating Morning Star's distinctiveness.

What do we exist for?

Morning Star's purpose provides a clear starting point through its commitment to “Add Value for Others.”. However, it does not explicitly identify all the stakeholders who benefit from the company's activities. In fact, Morning Star's broader self-management principles already refer to creating long-term value for colleagues, suppliers and communities (The Morning Star Company, n.d-c). This commitment is also reflected in practice. For example, Morning Star supported the renovation of the livestock pavilion at the Merced County Spring Fair in 2025, improving facilities for local agricultural, youth programs, and visitors (Miller, 2025).

Therefore, the contribution to communities is not absent from Morning Star's activities, but it is less visible in the wording of its Enterprise Mission. Making their commitment more explicit would provide a clearer picture of the value the company aims to create.

1.3 Note to the CEO: Refining the entreprise purpose

To: Chris Rufer, president, The Morning Star Company

From: Consulting team

Subject: Refining Morning Star's enterprise purpose

We recommend refining Morning Star's current purpose rather than replacing its commitment to “Add Value for Others.” The proposed statement would make the company's self-management model more visible while preserving its focus on quality, responsibility and value creation.

Proposed Revised Purpose

> *“Morning Star is a self-managed tomato processing company that empowers colleagues to produce high-quality products efficiently, creating lasting value for customers, colleagues and communities through personal responsibility and a strong commitment to people and the environment.”*

This revised purpose addresses Montgomery's three questions.

Who are we?
Morning Star is identified as a self-managed tomato processing company.

What makes us distinctive?
Self-management and personal responsibility reflect the company's particular way of organizing work and creating value.

What do we exist for?
The statement preserves Morning Star's original focus on value creation while clarifying that this value is created through high-quality tomato products and benefits customers, colleagues and communities.

To make this revised purpose useful in practice, we recommend using it as a reference during existing CLOU discussions and investment evaluations. When considering a new activity or project, colleagues could ask whether it creates value for customers and other stakeholders, supports responsible production and remains consistent with Morning Star's self-management principles. Before adopting the revised statement, Morning Star should also gather feedback from colleagues to ensure that it accurately reflects how they understand and apply the company's mission in their daily work.

PART 2 - LEADING: EMPLOYEE EMPOWERMENT

2.1 CURRENT LEADERSHIP PRACTICES AT MORNING STAR

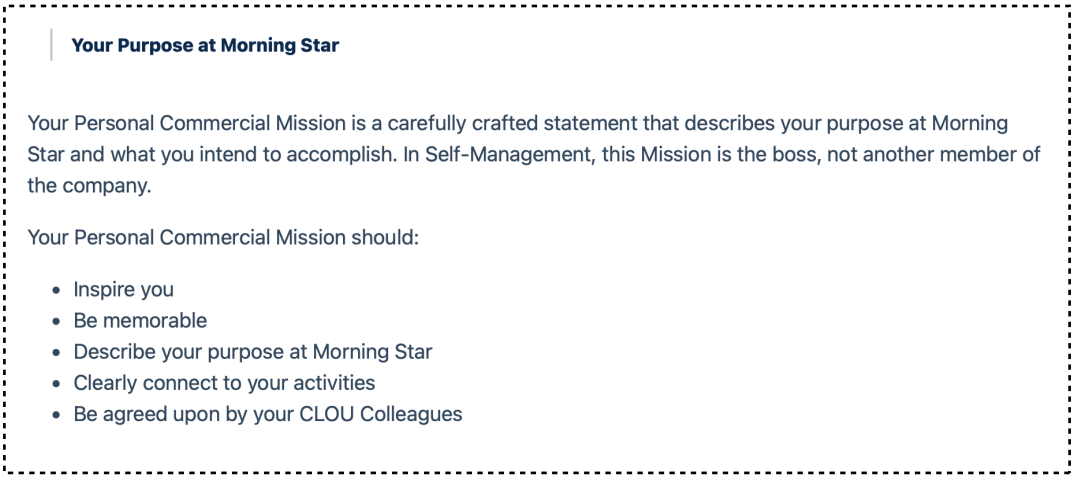
Leadership can be understood as a process of influencing people to achieve a common goal (Northouse, 2010, as cited in Bez, 2026). Morning Star operates through a system known as Mission Focused Self-Management, which differs significantly from traditional leadership models.

"Employees ("colleagues" in Morning Star argot) are ridiculously empowered yet work together like members of a carefully choreographed dance troupe."

(Hamel, 2011, p.52)

This observation captures the challenge of Morning Star's leadership model. Instead of receiving instructions from a manager, colleagues are guided by their Personal Commercial Mission (PCM).

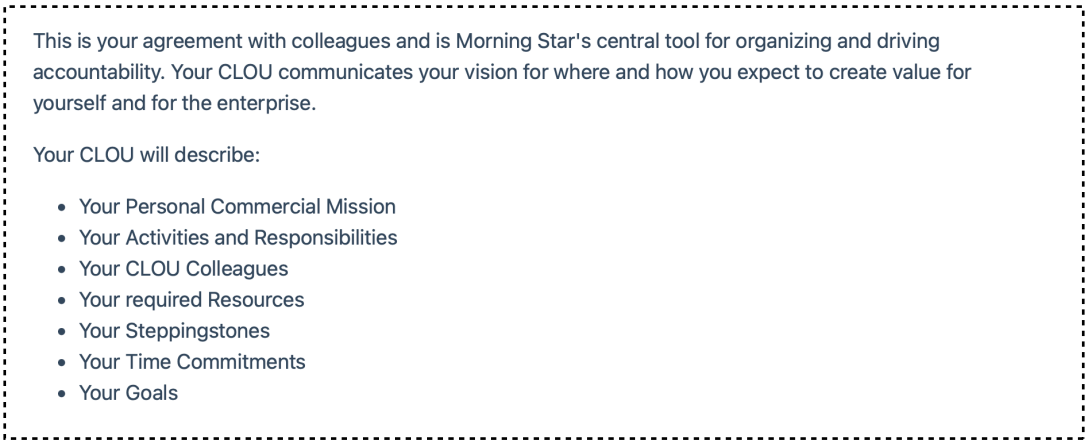
Figure 3. Personal Commercial Mission (PCM)



***Source**: From Interactive self-management model, by The Morning Star Company (n.d.-c)*

As shown in Figure 3, each colleague has their own PCM which clarifies how their activities contribute to the organization's overall purpose. For instance, Rodney Regert, who worked at Morning Star's Los Banos processing plant, had a PCM to "turn tomatoes into juice in a way that is highly efficient and environmentally responsible" (Hamel, 2011, p. 52). Each colleague is responsible for obtaining the training, resources and cooperation needed to achieve their own mission. However, they cannot define these responsibilities completely on their own. Their missions must take into account the colleagues affected by their work. This is formalized through the Colleague Letter of Understanding (CLOU).

Figure 4 - Colleague Letter of Understanding (CLOU)



Source: *From Interactive self-management model, by The Morning Star Company (n.d.-c)*

As illustrated in figure 4, CLOUs specify responsibilities, performance expectations and commitments between colleagues. CLOUs are reviewed and updated every year. Therefore they can evolve according to employees' skills and the company's needs. Chris Rufer explains that CLOUs create structure because colleagues agree on their responsibilities directly with one another and not a superior (Hamel, 2011, pp. 52–53).

If disagreements arise between colleagues, Morning Star also uses a Gaining Agreement Process, which encourages direct discussion and, if necessary, the involvement of other colleagues to help resolve conflicts without traditional managerial intervention (Minnaar, 2016).

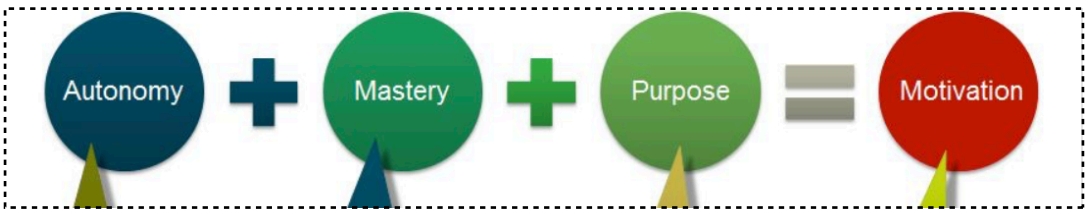
Together, the PCM and CLOU are the two main tools that create a balance between autonomy and accountability within the organization. The Gaining Agreement Process complements these practices by providing a way to address disagreements.

2.2 Assessment of employee empowerment

Empowerment is the fact of “delegating authority and decision-making, sharing information, and asking for their input” (Bez, 2026). Morning Star's leadership model shows a very high level of employee empowerment. Morning Star applies these principles through its self-management model. However, having decision-making power does not automatically mean that employees feel empowered or perform better.

Daniel Pink's (2009) theory of intrinsic motivation provides a useful framework for examining these questions.

Figure 5 - Daniel Pink's Three Drivers of Intrinsic Motivation



Source: *Adapted from Bez (2026) based on Pink (2009)*

As shown in Figure 5, Pink (2009) identifies three main drivers of intrinsic motivation: autonomy, mastery and purpose. These dimensions help explain both the strengths and the possible limitations of Morning Star's approach.

Autonomy is probably Morning Star's greatest strengths. Colleagues can organize their activities and make decisions without constantly waiting for managerial approval. From Pink's perspective, this freedom can strengthen motivation by giving employees greater control over their work (Pink, 2009). However, it is important to distinguish between actual decision-making authority and perceived autonomy. Actual authority concerns the decisions colleagues can make with their agreed responsibilities. Perceived autonomy is about freedom and confident to exercise that authority. Research also suggest that, if employees know their level of empowerment, it helps explain how it is influencing their performance (Lee et al., 2018). For example, a new colleague may formally have the right to make a decision but hesitate because of limited experience or uncertainty about how others will react. This is a possible limitation rather than a situation systematically demonstrated at Morning Star. Morning Star therefore offers a high degree of autonomy but can be difficult when decisions affect other colleagues, require significant resources or involve standardized production activities.

Mastery deserves more attention. It is not only about developing skills, but also about having the right experience, appropriate tasks, enough support and sufficient time to perform them. Morning Star already invests in employee development. Hamel (2011, p. 57) reports that around half of the employees had received training in supplier negotiation, while many had also been trained in financial analysis. However, learning to work in a self-managed organization can take time. These findings provide old information, but do not reflect the actual training colleagues receive or how long integration takes. Minnaar (2024) confirms that Morning Star still relies on negotiated responsibilities and peer accountability. As a result, it is important to identify learning support as a condition for empowerment without assuming that the situation described in 2011 remains unchanged.

Purpose is another strong aspect of the model. The PCM system discussed in Section 2.1 links individual contributions to the company's overall objectives. From Pink's perspective, understanding the meaning of one's work can support intrinsic motivation (Pink, 2009). However, having a personal mission does not automatically guarantee motivation. Colleagues also need to understand the value of their contributions in everyday activities.

The **Situational leadership theory of Hersey and Blanchard** helps explain how these differences could be managed. It distinguishes four styles: directing, coaching, supporting and delegating (Bez, 2026). Morning Star's approach is close to delegation, but this does not necessarily suit every colleague at every moment. For example, a new colleague unfamiliar with the CLOU system may benefit from coaching, while an experienced colleague can work more independently. These forms of assistance could be implemented without creating traditional management positions.

Another relevant perspective is chronoleadership, developed by Camilla Kring (2025, as cited in Bez, 2026). This approach considers how working schedules can better reflect individuals' biological rhythms, since people do not necessarily feel most alert or productive at the same time of day. For Morning Star, this raises another question regarding autonomy: To what extent can employees influence not only their own decisions but also how their work time is organized?

Certain activities, such as planning, training, or analytical work, might allow for greater flexibility. However, harvesting and industrial processing depend on production schedules, equipment availability, and coordination among coworkers. Consequently, this same flexibility cannot necessarily be offered to everyone. There is currently insufficient evidence in the sources examined to conclude that Morning Star already applies chronoleadership.

The situation of seasonal workers is also very interesting. Hamel (2011, p. 57) reported that approximately 90% of seasonal employees returned each year at the time of his study. He also described self-management training and high levels of engagement among these workers. These results suggest that, at this time, the Morning Star model allowed for the integration of temporary employees. More recently, Minnaar (2024) again reports a significant seasonal workforce, but does not specify whether the return rate, training arrangements, or levels of commitment have remained the same today.

Finally, accountability to peers can also be a source of difficulty. Hamel (2011, p. 56) describes situations where colleagues face strong criticism when their decisions or performance are questioned. Sunita Sah's concept of insinuation anxiety suggests another possible risk: people may hesitate to challenge their colleagues for fear that their disagreement will be interpreted as a lack of trust (Bez, 2026). Although this specific mechanism was not directly identified at Morning Star, it raises an important question: Do colleagues feel comfortable expressing their disagreement?

2.3 Note to the CEO: Strengthening employee empowerment

To: Chris Rufer, president, The Morning Star Company

From: Consulting team

Subject: Strengthening employee empowerment

Based on our analysis, we recommend making Morning Star's existing empowerment practices more effective rather than simply increasing employee autonomy.

2.3.1 Strengthen mastery through peer development

Based on our analysis, the decision-making duties of new colleagues might arise before they are ready to assume those obligations. Morning Star already has a history of professional training, but learning how to negotiate commitments, manage competing priorities and make decisions within a self-managed organization is a different challenge. With no traditional promotion paths, it may be hard for the employees to assess their professional growth (Hamel, 2011, p. 58).

In line with Pink's (2009) definition of the mastery principle, we propose to introduce optional personal learning goals in addition to the current CLOU obligations. For instance, the new colleague can choose to acquire certain skills during the first several months such as prioritizing tasks when different teams have competing needs or assessing how their decisions affect other activities. A seasoned colleague could offer his/her counsel after 30, 60 and 90 days.

These discussions should be short and organized at suitable times so that learning does not create unnecessary pressure during busy production periods. This again shows the significance of time constraint for work as mentioned in 2.2, despite the fact that this suggestion does not demand a complete implementation of chronoleadership system. Morning Star could conduct this experiment with new permanent workers in one processing plant. In order to assess this pilot, we propose focusing on two aspects:

- Perceived autonomy: brief and anonymous feedback regarding participant's feeling of confidence and independence while making the decision within their responsibilities.
- Effective autonomy: improvement in selected skills and real examples of participant's capability of decision making within their agreed CLOU responsibilities.

Comparing these results would help identify situations where colleagues have formal responsibilities but still lack the confidence or skills to exercise them. The information should be used to improve learning support, not to rank individual employees. An important boundary condition comes from Adam Grant's (2013) work on workplace giving. Assisting colleagues can promote cooperation, but employees who assist too much may feel overwhelmed. Therefore, peer coaching should be done voluntarily.

2.3.2 Developing smart conflict capabilities

Morning Star already encourages colleagues to challenge decisions and has a Gaining Agreement Process for handling unresolved disagreements. In our view, the opportunity is not to create another conflict-resolution system, but to improve the conversations that take place before formal mediation becomes necessary.

We recommend introducing the Smart Conflict 5R model of Alice Driscoll and Louise van Haarst into existing self-management training. The five steps are: Reflection, Regulation, Readiness, Response, Repair. It offers a practical method for managing difficult discussions (Bez, 2026). Concretely, colleagues who disagree about a CLOU commitment could use the 5R approach to prepare their discussion, explain their concerns and work towards an agreement. Morning Star could test short practice sessions using realistic situations from its processing facilities, supported by a simple guide that employees could consult when needed. This would not replace the existing Gaining Agreement Process. Instead, the objective would be to help colleagues resolve disagreements earlier and avoid unnecessary tensions. To assess the results, the company could collect anonymous feedback about colleagues' confidence in difficult conversations and monitor whether the same unresolved disagreements continue to occur.

This approach should remain a support tool, not a compulsory procedure for every disagreement. It also requires good faith and cooperation. Cases involving harassment, abusive behavior or urgent safety decisions would need an appropriate response rather than relying only on the 5R model (Bez, 2026).

2.3.3 Adapt Empowerment to seasonal workers

Since seasonal colleagues spend less time at Morning Star than permanent employees, their opportunities to contribute to improvements may be different. Following the contingency approach

discussed in class (Bez, 2026), we recommend testing a seasonal improvement initiative in one processing facility to encourage their participation.

During the processing season, seasonal workers could submit practical suggestions related to their daily activities, such as improving communication between shifts, reducing unnecessary movements or making a repetitive task more efficient. Interested seasonal and permanent colleagues could then review the suggestions during existing team exchanges and select a few ideas for testing. The important point would be to give seasonal employees a visible opportunity to influence their working environment. They should also receive feedback on their suggestions, including an explanation when an idea cannot be implemented. The initiative would not mean giving every employee the same decision-making responsibilities. Suggestions involving food safety, equipment or technical procedures would still require review by qualified colleagues. This would allow Morning Star to encourage participation while respecting the limits of employees' experience and expertise.

Part 3 - Organizing: Organizational structure & coordination

3.1 Overview of Morning Star's self-management structure

Morning Star's structure can be analyzed through five building blocks: specialization, centralization, hierarchy, formalization and coordination (Bez, 2026). Together, they help us understand how the company combines individual autonomy with the structure required to operate a large industrial business.

3.2 Analysis of the five building blocks

3.2.1 Specialization

Specialization refers to the degree to which work is divided into separate tasks and responsibilities (Bez, 2026). At Morning Star, the division of labor reflects its vertically integrated value chain, such as harvesting, trucking and processing. These activities require different forms of expertise (The Morning Star Company, n.d.-b). However, specialization at the individual level remains flexible because colleagues define their contribution through the PCM and CLOUS (Hamel, 2011). The company therefore combines technical specialization with flexibility in individual responsibilities. Nevertheless, excessive dependence on individual expertise could create difficulties when a colleague is unavailable or when technical knowledge is not sufficiently shared.

3.2.2 Centralization

Centralization refers to the degree to which decision-making authority is concentrated at the top of an organization (Bez, 2026). At Morning Star, centralization is very low because colleagues are expected to take responsibility for decisions within their activities and consult those who may be affected or possess relevant expertise (The Morning Star Company, n.d.-c). However, decentralization becomes more complicated when several activities are involved. A decision that is effective locally may create difficulties elsewhere in the production system. Decentralization therefore requires effective coordination between interdependent operations, not only individual initiative.

3.2.3 Hierarchy

Hierarchy refers to the formal levels of authority and reporting relationships within an organization (Bez, 2026). Morning Star has a very flat structure, with no conventional chain of command. This reduces unnecessary approval procedures and allows expertise to influence decisions directly. However, the absence of formal hierarchy does not necessarily mean that everyone has the same influence. Experienced colleagues may naturally have more influence over decisions because of their expertise or reputation. This could create informal differences in authority, even without official

managerial positions. The challenge for Morning Star is therefore to ensure that expertise supports decision-making without preventing less experienced colleagues from expressing their opinions. This is consistent with Lee and Edmondson's (2017) research, which highlights the importance of understanding how authority and coordination operate in self-managing organizations.

3.2.4 Formalization

Formalization refers to the extent to which employee behavior is guided by explicit rules, procedures and documented responsibilities (Bez, 2026). At Morning Star, formalization is selective rather than absent. Beyond the responsibilities discussed in Part 2, CLOUs also include performance measures called **Steppingstones**, goals and time commitments (The Morning Star Company, n.d.-c). These elements establish clear expectations for results without necessarily defining every working method.

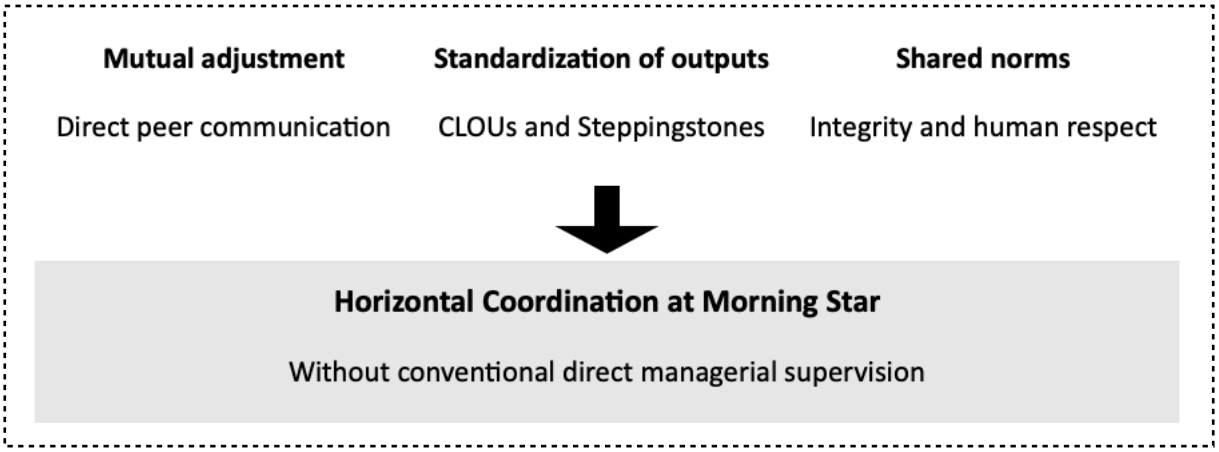
However, production activities require more standardized procedures to ensure consistent quality and food safety. For example, the company's diced tomato production involves successive sorting stages, followed by sterilization and cooling before packaging (The Morning Star Company, n.d.-a).

Morning Star therefore distinguishes between formalizing expected results and standardizing technical processes, depending on the requirements of each activity.

3.2.5 Coordination

Coordination mechanisms ensure that individual activities contribute effectively to shared organizational objectives (Bez, 2026). According to Mintzberg (1980), organizations can coordinate activities through mechanisms such as mutual adjustment, direct supervision and standardization.

Figure 6 — Mintzberg's Coordination Mechanisms Applied to Morning Star



Source : *Adapted from Mintzberg (1980), Bez (2026), and The Morning Star Company (n.d.-c).*

As shown in Figure 6, Morning Star relies mainly on mutual adjustment, standardization of results, and shared norms rather than on direct supervision. Indeed, mutual adjustment takes place through direct communication and consultation. Employees must consult with those affected by their decisions or those who possess relevant knowledge (The Morning Star Company, n.d.-c). The standardization of results is reflected in the CLOU system, under which colleagues agree on

expected outcomes, resources and performance measures with the people most affected by their work (Minnaar, 2016). For example, the harvesting, trucking, and processing of tomatoes must be coordinated to ensure operational continuity. Even in the absence of department managers overseeing each activity, employees must communicate their needs and coordinate their responsibilities among themselves. Morning Star also uses a **Gaining Agreement Process** to resolve disagreements through direct discussion and, if necessary, the involvement of additional colleagues (Minnaar, 2016). However, this system relies on employees' ability to communicate clearly, and reach constructive agreements. If reaching an agreement takes too long or if information is not shared properly, difficulties encountered in one activity can have repercussions on the entire production process. As Lee and Edmondson (2017) explain, self-managed organizations must establish effective coordination mechanisms, even in the absence of traditional managerial authority.

3.3 Critical assessment

Hamel and Zanini's (2020) *Humanocracy* argues that organizations should become flat, free and fearless. Flat by reducing unnecessary hierarchy, free by giving employees greater autonomy, and fearless by allowing them to experiment without excessive fear of failure. Morning Star strongly reflects these principles through its decentralized structure and Challenge Culture, which encourages colleagues to question existing processes, technologies and activities in order to improve performance (The Morning Star Company, n.d.-b).

However, this same structure also has its limitations. Emanuel Garcia, a colleague in the quality control department at Morning Star, explained that it can be difficult to reach an agreement because colleagues may have different views on the same issue (Dillon, 2024). Although this diversity can foster better ideas and innovation, it can also slow down decision-making and increase coordination costs when multiple activities or colleagues are highly interdependent. Applying Mintzberg's (1980) framework, this illustrates a limitation of mutual adjustment when several specialized activities depend on one another.

Finally, experimentation has an important boundary condition. It is not equally appropriate for every activity. It is valuable for innovation, learning and process improvement, but in Morning Star's food-processing operations, changes affecting product safety, technical reliability or consistent quality cannot be treated like ordinary organizational experiments. Experimentation must therefore remain compatible with operational standards and quality requirements. Morning Star's main challenge is not the absence of hierarchy itself, but preserving autonomy and experimentation while ensuring enough standardization and control for activities where reliability is critical (Bez, 2026).

3.4 Note to the CEO: Improving cross-function coordination

To: Chris Rufer, president, The Morning Star Company

From: Consulting Team

Subject: Improving cross-functional coordination while preserving self-management

Morning Star already has strong coordination mechanisms but they serve different purposes. CLOUs mainly define responsibilities and expected results, while the gaining agreement process is

used when a disagreement has already emerged (Minnaar, 2016). They do not fully address situations where several interdependent activities need to coordinate in advance. This matters at Morning Star, where harvesting, trucking, maintenance and processing are closely connected. We therefore recommend introducing temporary and rotating coordination stewards for activities with a high degree of interdependence. Preventing such disruptions would also support Morning Star's strategic priorities of consistent product quality and cost-effective production (The Morning Star Company, n.d.-c). This role can be seen as an adaptation of Mintzberg's liaison device, which connects different parts of an organization when cross-functional coordination is particularly important (Schmidt, 2006). The steward would not act as a manager and would have no decision-making authority. Instead, the role would be to identify the people concerned, facilitating information sharing, clarifying priorities, and helping to coordinate activities. For example, if scheduled equipment maintenance reduces processing capacity while harvesting and trucking continue, a coordination steward could bring together those involved before disruptions occur and help them agree on a coordinated solution. The colleagues responsible for each activity would remain in charge of the final decisions. These stewards would therefore complement, rather than replace, Morning Star’s existing mechanisms by helping anticipate cross-functional interdependencies before they turn into operational problems.

Implementation and Evaluation

We recommend first testing this approach in one processing facility during the processing season, focusing on recurring coordination problems involving several activities. It also reflects Hamel and Zanini's (2020) idea of experimenting on a limited scale before expanding a new practice.

The results could be assessed using three indicators:

1. Time required to resolve cross-functional coordination problems.
2. Number of recurring coordination issues.
3. Operational delays linked to disagreements or unclear responsibilities.

Feedback from participating colleagues would also help determine whether the approach improves cooperation or creates unnecessary administrative work.

Risks and Boundary Conditions

Structural change may generate organizational inertia, particularly because Morning Star's existing model has already proved effective. It may also raise concerns about power distribution and resource allocation if colleagues perceive the new role as a form of authority (Bez, 2026). To mitigate these risks, coordination stewards should remain temporary, rotating and transparent roles. Their role should be strictly limited to facilitation, with no authority to evaluate colleagues or impose decisions. Basic training in facilitation and conflict management could also help prevent the emergence of an informal hierarchy. As a boundary condition, this recommendation would be most useful for complex and highly interdependent activities, but unnecessary for routine decisions that colleagues can already manage independently. It should also never delay urgent technical, quality or food-safety decisions requiring immediate action by qualified colleagues.

PART 4 – CONTROLLING: PERFORMANCE & ACCOUNTABILITY

4.1 ANALYSIS OF MORNING STAR'S CONTROLLING PRACTICES

Management controls include the rules, practices, values and other mechanisms used to guide employee behavior (Malmi & Brown, 2008, as cited in Bez, 2026). As discussed in class, companies can use two main approaches: control by domination, based mainly on commands, rules and sanctions, and self-control, based on individual responsibility and objectives (Bez, 2026).

Morning Star mainly follows the second approach. However, this does not mean that formal control is absent. Morning Star combines performance measures, financial information, quality standards and peer evaluations to help monitor performance and achieve organizational objectives.

4.1.1 PERFORMANCE MANAGEMENT

At Morning Star, performance management relies on Steppingstones, the indicators included in colleagues' CLOUs. These measures allow employees to compare their actual results with agreed objectives (The Morning Star Company, n.d.-c).

Hamel (2011, p. 56) describes how colleagues received feedback from their CLOU partners at the end of the year. Business units also presented their annual results, justified their use of company resources and explained how they planned to improve. They were ranked according to their performance, with lower-ranked units facing closer questioning from colleagues. This is an important strength because performance is not assessed only through individual self-evaluation. Colleagues must also explain their results and acknowledge shortcomings in front of peers who understand their activities.

4.1.2 FINANCIAL CONTROL

Morning Star's financial control is particularly interesting because employees can make purchasing decisions without requiring traditional managerial approval. For example, Hamel (2011, p. 53) describes how a maintenance engineer could directly order an $8,000 welding machine.

Hamel (2011, p. 55) explains that employees proposing investments are expected to prepare a business case using calculations such as return on investment (ROI) and net present value (NPV). They are also expected to consult relevant colleagues before making important investments. At the time of Hamel's research, detailed financial accounts for each business unit were shared twice a month. This transparency allowed colleagues to monitor financial performance and notice unexpected increases in expenses.

Nevertheless, access to financial information is not enough on its own. Employees must also understand the figures and take appropriate action when costs increase unexpectedly or investments do not produce the expected results. Moreover, the detailed practices reported by Hamel date from 2011. Without more recent internal financial data, it is difficult to assess how effectively Morning Star currently detects and corrects financial deviations.

4.1.3 Quality control and food safety

Quality control is essential at Morning Star because its products must meet customer expectations and food safety requirements. The company's Santa Nella facility provides a concrete example. Incoming tomatoes are graded for quality and go through several sorting stages before further processing (The Morning Star Company, n.d.-a). This shows that quality checks are integrated into production rather than relying only on final inspection.

Morning Star also relies on specialized expertise. For example, a 2024 company profile describes Emanuel Garcia's responsibilities in quality control across canning operations and bulk ingredient laboratories, supported by his background in food microbiology (Dillon, 2024). This highlights the importance of qualified colleagues in maintaining product standards. In addition, the company's official product specifications include measurable quality requirements. For example, its Tomato Paste has a pH specification (The Morning Star Company, 2024). Such standards provide clear reference points for assessing whether products meet the expected requirements.

However, having quality standards does not automatically mean that they are always achieved. Although Morning Star publishes detailed product specifications, the sources reviewed do not provide sufficient data on how often finished products meet these requirements or how quickly quality deviations are corrected. Therefore, while the available evidence shows that quality control mechanisms exist, it does not allow us to fully assess their effectiveness in daily production.

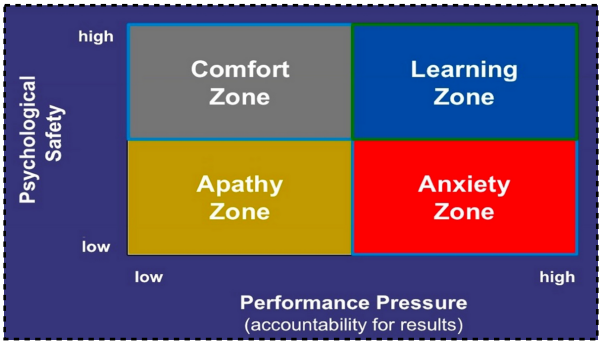
4.1.4 Cultural control and rewards

Beyond formal performance measures, Morning Star also relies on shared values and peer-based compensation to influence employee behavior. Values such as integrity, mutual respect and honoring commitments help guide colleagues' decisions without continuous supervision (Minnaar, 2024).

According to Minnaar (2024), Morning Star's compensation process involves annual self-assessments, peer feedback and salary discussions with local compensation committees. This makes rewards an important part of the company's control system. It also illustrates **positive control**, as valuable contributions can be recognized rather than focusing only on poor performance (Bez, 2026).

Another important condition is **psychological safety**. Edmondson (1999) highlights the importance of an environment where employees feel comfortable discussing mistakes and difficulties.

Figure 7 — Amy Edmondson's Psychological Safety and Accountability Matrix



Source : *Adapted from Edmondson (2019), as presented in Bez (2026).*

As illustrated in Figure 7, high performance expectations should be combined with psychological safety to create a learning environment. While the Anxiety Zone may discourage employees from admitting mistakes, the Learning Zone encourages them to discuss problems openly (Bez, 2026).

At Morning Star, Green (2012) describes a situation in which a colleague asked for help with an important customer issue. Although the recipient initially reacted negatively, he checked the colleagues' responsibilities and helped identify a solution that led to a process change. This example illustrates how raising a problem can lead to constructive action rather than being ignored.

However, this example does not prove that all Morning Star colleagues feel psychologically safe. This distinction is important because the company relies heavily on peer accountability. Effective control requires not only high performance expectations, but also reliable information and employees who are willing to report problems openly.

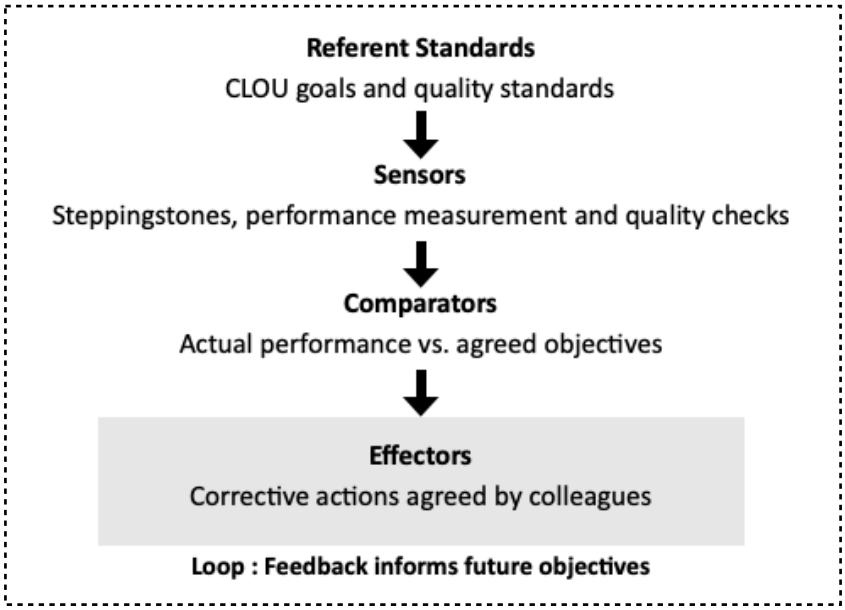
Control responsibilities are therefore distributed among colleagues: individuals monitor their commitments, affected peers review decisions, and qualified colleagues address technical requirements. When disagreements arise, the Gaining Agreement Process discussed in Section 2.1 provides a way to seek resolution without hierarchical arbitration (Minnaar, 2016).

4.2 Application of Control Theory

4.2.1 The Four Components of the Control Process

Morning Star's controlling practices can be analyzed using four components of Control Theory: referent standards, sensors, comparators and effectors (Bez, 2026). The objective is not simply to identify a problem, but to use information to take action and improve future results. Morning Star's published quality specifications provide a useful example of how this process could work.

Figure 8 — Application of Control Theory at Morning Star



Source : *Created by the authors based on Bez (2026) and The Morning Star Company (n.d.-c).*

As illustrated in figure 8, the **referent standard** defines the expected level of performance. For example, Morning Star's published pH specification of 4.30 ± 0.30 for one type of tomato paste provides a measurable target.

Second, the **sensor** provides information about actual performance. In this example, it would be the pH measurement of the finished product.

Third, the **comparator** identifies whether the measured result meets the required specification. If the value falls outside the acceptable range, a deviation is detected.

Finally, the **effector** represents the corrective action. Qualified colleagues would need to investigate the deviation and apply the relevant technical procedures to address the problem.

This is an illustration of how Control Theory can be applied to Morning Star's documented quality requirements, **not a confirmed description of a particular internal incident**.

The example demonstrates an important point: setting standards and collecting measurements are not enough. Effective control also requires employees to recognize deviations and take appropriate corrective action. However, the available sources provide less information about how quickly deviations are addressed or how corrective actions are evaluated afterward. This is therefore an important area to examine in our diagnosis.

4.2.2 The three types of control

Control can also be linked to the three main types of control: feed-forward, concurrent and feedback control (Bez, 2026).

Feed-forward control takes place before activities begin. At Morning Star, colleagues define their responsibilities, objectives and resource requirements through their CLOUs. Preparation and technical requirements also help prevent potential operational problems.

Concurrent control occurs during activities. The sorting and quality checks described in Morning Star's production process illustrate how potential problems can be identified while work is still taking place.

Feedback control takes place after results have been evaluated. The annual business-unit evaluations described by Hamel (2011, p. 56) are an example because colleagues review past performance and identify possible improvements.

These three types of control complement one another, but their usefulness depends on the situation. A quality deviation during production may require immediate action, while a financial investment can be evaluated over a longer period. For Morning Star, the challenge is therefore not to increase control everywhere, but to ensure that the timing of control matches the importance and urgency of the problem.

4.2.3 The limits of control theory in practice

Although Control Theory helps explain Morning Star's system, Bez (2026) also highlights that this approach can be too mechanistic when applied to human behavior.

A first limitation is that employees do not improve only because a performance gap has been identified. They also need to understand why an objective matters and receive constructive feedback. At Morning Star, peer evaluations and compensation can recognize valuable contributions, but the available information does not show exactly how positive and negative feedback are balanced.

A second limitation concerns the unintended effects of measurement. For example, if an employee were evaluated mainly on production quantity, they might focus on increasing output while paying less attention to equipment reliability or quality. This hypothetical situation illustrates why Steppingstones should be assessed not only for what they measure, but also for the behavior they encourage.

A third limitation is that control information can be incomplete or biased. If colleagues only communicate favorable results, the company may underestimate problems. This connects with Edmondson's research discussed in Section 4.1.4: employees need to feel able to report difficulties if the information used for control is to remain reliable. Possible explanations include confirmation bias, which favors information supporting existing judgments, and fear of negative peer evaluation, which may discourage honest reporting. These remain potential risks, not behaviors directly demonstrated at Morning Star.

From our perspective, this is the central lesson of the course for Morning Star: effective self-control depends not only on clear objectives, but also on meaningful indicators, reliable information and the willingness to act on the results.

4.3 Note to the CEO: Strengthening performance control

To: Chris Rufer, president, The Morning Star Company

From: Consulting team

Subject: Improving performance measurement and corrective action

The existing control mechanisms are documented, but the consistency of corrective follow-up remains uncertain. Our recommendation therefore aims to test this issue rather than assume that Morning Star's current controls are ineffective.

Our analysis suggests that Morning Star already has a well-developed self-control system. We therefore do not recommend introducing additional supervisors or creating a separate monitoring structure. Instead, we believe the main opportunity is to improve how existing Steppingstones are selected and how colleagues verify that corrective actions have worked.

We recommend testing a Balanced Steppingstone Pilot in one processing facility. The idea would be to review a small number of existing performance indicators to ensure that they encourage the right priorities and provide useful information for corrective action.

For example, if a production activity uses an indicator related to output, colleagues could examine it alongside a quality or equipment-reliability measure. This would help them evaluate whether improved productivity is achieved without creating problems elsewhere in the same activity.

This recommendation directly addresses a limitation of Control Theory discussed in class: employees may adjust their behavior to what is measured, even when this does not fully support the organization's objectives (Bez, 2026).

For significant deviations, colleagues could also use a short record linked to the existing performance information. It would identify the result that differed from the target, the corrective action taken and whether the indicator improved afterward.

The objective would not be to create new meetings or coordination roles. Instead, it would strengthen the comparator and effector stages of the control process by making the connection between detecting a deviation and verifying its correction more visible.

Implementation and Evaluation

Morning Star could test this approach for eight weeks during the processing season in one facility.

The pilot would begin with two or three existing Steppingstones selected by the colleagues responsible for the activity. They would examine whether each indicator is relevant, easy to understand and consistent with other important objectives.

During the pilot, significant deviations would be followed through to an appropriate corrective action, using existing records wherever possible.

The results could be evaluated through three indicators:

1. Corrective-action time: the time between identifying a significant deviation and implementing a response.
2. Follow-through: the proportion of corrective actions whose results have been checked.
3. Recurring deviations: whether similar problems happen less frequently after corrective action.

Colleagues should also record examples of successful improvements. This would help balance positive and negative feedback, as recommended in the course (Bez, 2026).

Risks and Boundary Conditions

The main risk is that additional measurement could make employees feel more closely monitored. It could also encourage them to focus on favorable numbers rather than reporting actual problems.

Following Edmondson's work on psychological safety, the purpose of the pilot should therefore be clearly communicated as learning and improvement rather than blaming individuals (Edmondson, 1999).

For example, an increase in reported deviations should not automatically be interpreted as poorer performance. It could also mean that colleagues are becoming more transparent about difficulties.

Another boundary condition concerns the indicators themselves. Too many measures could make the system unnecessarily complex, while poorly chosen indicators could encourage the wrong priorities. The pilot should therefore focus only on a few relevant measures and combine quantitative results with colleagues' professional judgment.

Finally, food-safety and urgent technical issues must always be addressed immediately by qualified colleagues under existing procedures. The additional follow-up should never delay these actions.

If the pilot demonstrates better performance information, more effective corrective action and reasonable administrative costs, Morning Star could consider applying the approach to other relevant activities.

CONCLUSION - POSITION PAPER

The Morning Star Company demonstrates that a large industrial organization can operate without a traditional managerial hierarchy. Self-management at Morning Star provides colleagues with autonomy and depends on personal responsibility and mutual commitment (Hamel, 2011). Yet we believe that increasing autonomy is no longer Morning Star's greatest challenge. As the company grows and its activities become more complex, coordination and accountability will become harder.

Given the interdependence of the company's activities, improving coordination and the follow-up of corrective actions should be Morning Star's main management priority. Emanuel Garcia's experience illustrates this challenge, as he explains that reaching agreement among colleagues with different perspectives can sometimes be difficult (Dillon, 2024). This suggests that autonomy alone is not enough to ensure effective collaboration.

Appointing Temporary Coordination Stewards could help colleagues anticipate problems across interdependent activities. The Balanced Steppingstone Pilot could ensure that deviations from expected performance are effectively corrected. Together, these recommendations would help strengthen self-management without reintroducing traditional hierarchical control.

Better support for peer development, training in constructive conflict-management, and more opportunities for seasonal colleagues to provide feedback will encourage empowerment. However, empowerment should not be a one-size fits all approach. Creative tasks and repetitive production work have different needs that must be considered (Lee et al., 2018). Defining a clear purpose can help Morning Star better connect its brand as a self-managed company to the value it provides to customers, colleagues, and the wider community. Of course, no change at Morning Star should ever undermine food safety, quality or reliability.

For this reason, we recommend that each recommendation is piloted on a small scale and monitored for improvements before being implemented company-wide. In the end, Morning Star must double down on mechanisms that enable self-management rather than revert back to traditional managerial hierarchies. By improving coordination, developing colleague capability and ensuring problems lead to corrective action the company can maintain its unique structure while becoming more reliable and safe.

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Statement on the Use of Artificial Intelligence and Language Tools :

ChatGPT (OpenAI) was used to support the final review and formatting of our management diagnostic report. Since different group members worked on separate sections before combining their work, we used ChatGPT to check the overall consistency of the report and identify unnecessary repetitions. We also used it to standardize our reference list according to APA 7th edition guidelines.

Prompts used for these tasks:

"Review our management diagnostic report and identify unnecessary repetitions between sections, particularly regarding management theories, definitions, and Morning Star's management practices. Highlight overlaps without changing the content of our analysis."

"Organize all the sources cited in our report, including figures and diagrams, into a consistent reference list following APA 7th edition guidelines. Include URLs where applicable and ensure consistency between in-text citations and references."

All suggestions were critically reviewed by the group. We remained responsible for the accuracy of our sources, the analysis, the recommendations, and the final content of the report.

We also used DeepL for occasional translation assistance and LanguageTool to check English grammar, verb tenses, spelling, and punctuation, ensuring that the report was written in clear and appropriate academic English.

DeepL: https://www.deepl.com/

LanguageTool: https://languagetool.org/