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MANAGEMENT

DIAGNOSTIC REPORT

Turning Spotify's purpose into a managed outcome

Client: Spotify Technology S.A.

L3 International Management – Management course, 2026–2027

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Abstract

Spotify has industrialised freedom over how its people work, but it has not yet made its purpose something it manages. This report diagnoses Spotify's management through the four functions of the P-O-L-C framework (planning, organising, leading, controlling) and the concepts and Thinkers50 authors. Each part first describes current practices from cited public sources, then gives the co-CEOs, Alex Norström and Gustav Söderström, a note with recommendations and their boundary conditions.



Introduction

Most of us use Spotify every day, but before this project we knew almost nothing about how the company is managed. When we started our research, we discovered that Spotify is also a well-known case in management. In 2012, two coaches who were working with its teams described how the company was organised: “small autonomous teams called “squads”, grouped into “tribes”, with very few traditional bosses” (Kniberg & Ivarsson, 2012).

We chose Spotify because it is very different from traditional Top-down companies. It looks like a big laboratory where teams decide for themselves how to work and test their ideas directly on users. Daniel Ek, the co-founder, links this freedom to a “Scandinavian leadership model” and even called himself “probably the least powerful person” at Spotify (Fortune, 2024). But this management model has limits as we will see in this report.

Founded in Stockholm in 2006, Spotify is today an audio streaming platform for music, podcasts and audiobooks, with a free version financed by advertising and a paid Premium subscription. Unlike Apple Music, YouTube Music or Amazon Music, it does not belong to a bigger group, so it has to win with its product alone. In the third quarter of 2026, it had 788 million monthly users in 184 markets, and 306 million of them paid for Premium. Revenue reached €4,969 million, with an operating margin of 13.5% and only 7,284 employees.

It is also an interesting moment to study Spotify. For a long time, the company grew without making a profit. This changed after 2022, when its costs were rising twice as fast as its revenue. At the same time, AI is changing the music industry, which raises real questions for a company whose mission is to “unlock the potential of human creativity” (Spotify Technology S.A., 2018).

In this report, our aim as a consulting team is to diagnose how Spotify is managed and to suggest recommendations to improve its management practices. We will follow the four functions of management “P-L-O-C” Planning, Leading, Organizing, Controlling, which come from Henri Fayol (1949). We start with planning and Spotify’s purpose, then we will look at how much freedom employees really have, and where this freedom stops. Then, the organizing section will show that Spotify has a unique organisational structure. Finally, we examine how Spotify controls its activities and what aspects receive less attention. Each part ends with a note to the co-CEOs, and in the conclusion we explain why we think they should act now.

Planning	Organizing	Leading	Controlling
1. Vision & Mission 2. Strategizing 3. Goals & Objectives	1. Organization Design 2. Culture 3. Social Networks	1. Leadership 2. Decision Making 3. Communications 4. Groups/Teams 5. Motivation	1. Systems/Processes 2. Strategic Human Resources

Figure 1. *The P-O-L-C framework, the four functions of management used in this report (Saylor Academy, 2012, as presented in Bez, 2026).*

Our analysis is based on public sources, including Spotify's official reports, its HR and engineering blogs, articles from websites such as Corporate Rebels, press coverage and employee reviews. We also use the management concepts studied in Mrs. Bez's 2026 courses. Since we could not observe Spotify's internal operations directly, our conclusions are based on the available information and should be seen as interpretations rather than facts that can be confirmed from inside the company.

Part 1. Assessing the planning: Spotify's purpose

Spotify's purpose is strong on why it exists, weak on who it is and what makes it distinctive, and it was quietly reworded in 2026 in a way that matters for the AI era.

1.1 Why planning starts with a clear purpose

Planning is the first managerial function: it sets the direction that organising, leading and controlling then serve. Cynthia Montgomery argues that planning starts with purpose, not with targets: a company must be able to say who it is, what makes it distinctive and what it exists to achieve, and the leader's first job is to keep answering these three questions (Montgomery, 2008). A clear purpose fits in one or two sentences.

A good purpose helps stakeholders understand the company and guides employees in decision making. For Spotify it also includes both creators and users.

1.2 The official purpose

Spotify communicates its purpose through three texts.

- The formal mission, set out in its 2018 stock-market prospectus: "Our mission is to unlock the potential of human creativity, by giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by it" (Spotify Technology S.A., 2018).
- The co-CEOs' 2026 purpose line. In their first message as co-CEOs, in January 2026, Norström and Söderström wrote: "We're here to unlock the world's creativity." They framed the year around four priorities: "No Regrets" (a product that "leaves people feeling better at the end of every session"), "More Control" (AI as agency, not automation), "A Creative Catalyst for Art" ("our momentum only matters if it helps artists, authors, and creators succeed") and "One Team" (Norström & Söderström, 2026).
- The values. Spotify's careers site now presents three values, called "the bassline": *One Team* ("we believe in the power of alignment"), *Human Judgment* (trusting people to make sound calls and learn from mistakes) and *Make It Happen* ("we don't wait for perfect conditions, we create them"). They replace the five values of 2016: innovative, collaborative, sincere, passionate and playful (Life at Spotify, n.d.; Spotify HR, 2016).

1.3 Analysis with Montgomery's three questions

Who is Spotify? The mission does not say. It describes an outcome, creativity unlocked, but not the company that produces it. Spotify is in fact a global, personalised audio platform for music, podcasts and, since 2022, audiobooks, with a free tier that feeds a paid tier (Spotify Technology S.A., 2026b). None of this appears in the purpose.

What makes Spotify distinctive? Three choices are hard to copy, and none is named in the purpose.

- *Personalised discovery.* Spotify's recommendation system, like Discover Weekly, Wrapped and AI-driven features, helps users find relevant content corresponding to their very specific tastes.

- *A freemium funnel at global scale.* Its 499 million free users are both an advertising audience and a pool of future subscribers.
- *Independence from any device ecosystem.* Apple Music and YouTube Music sit inside larger groups; Spotify must win on its product alone, which forces it to work everywhere.

What does Spotify exist for? This is the strongest part. The mission goes beyond profit and serves both sides of the platform: creators who live off their art, and fans who enjoy it. It gives employees a cause, which is the "purpose" driver of Daniel Pink's motivation model (see Part 2). But three weaknesses limit it.

1. It is not measurable. Spotify never defined what "live off their art" means, nor reported progress towards "a million artists". Its own Loud & Clear report shows the distance: more than 13,800 artists generated over $100,000 in royalties in 2025, while the 100,000th-highest-earning artist generated just over $7,300 from Spotify (Spotify, 2026). A mission without a metric invites the criticism that it is a slogan.
2. It is music-shaped and contested. "Artists" and "fans" fit music better than podcasts or audiobooks, which the co-CEOs now include. It is also contested: in 2025, several artists removed their music from Spotify in protest at Daniel Ek's investment in the defence-technology company Helsing (NPR, 2025), and critics argue that high total payouts hide low earnings for most artists.
3. The word "human" has quietly disappeared. The 2026 line speaks of "the world's creativity", not "human creativity". This may be a stylistic choice, but it lands as Spotify builds AI agents, signs AI deals with labels and, by its own account, removed 75 million spam tracks in a single year (Fortune, 2026; Spotify, 2025b). Whether Spotify's purpose protects *human* creators against AI-generated content is now a strategic choice, and the paradox seen in class applies: the company has not yet made it explicitly.

Starbucks is the perfect example of a company which loses its purpose by only focusing on efficiency. Spotify's growing emphasis on alignment, execution and financial targets creates a similar risk if purpose is not actively protected

1.4 Note to the co-CEOs on Spotify's purpose (Task 2)

> To: Alex Norström and Gustav Söderström, co-CEOs (copy: Daniel Ek, Executive Chairman) From: I. Aksu, R. Wickenhauser, M. Henda, O. Desserre Re: Making Spotify's purpose an instrument of decision, not only of communication

What works, and should be kept. Your purpose answers the hardest of Montgomery's questions, why Spotify exists, and it serves both sides of your platform. Your January 2026 message already extends it to authors and creators and adds a listener promise, "No Regrets", that few platforms would dare to make. Keep this ambition.

What is missing. The purpose does not say who Spotify is or what makes it distinctive, it cannot be measured, and its position on AI has become ambiguous since "human" left the wording. We recommend four changes.

Recommendation 1.1: Rewrite the purpose to answer all three questions

Keep your mission and add identity and mechanism, in two sentences (see our proposal below). Name personalised discovery as the way Spotify creates value, and cover all creators, not only musicians.

Boundary conditions. A new wording only helps if employees recognise it in daily decisions, so launch it with the planning cycle (goals, budgets, bets), not as a communication campaign. Do not change it every year: a purpose that moves with each leadership team loses the stability that makes it useful to suppliers and employees.

Recommendation 1.2: Turn "a million artists" into a published target

Define what "living off their art" means, for example royalties from Spotify above a stated income threshold per market, and publish the number every year in Loud & Clear, next to the payout figures you already report. Set a target date.

Boundary conditions. This works because Loud & Clear already exists and is read by artists and regulators. It carries a reputational risk if the target is missed, and Spotify is only one of an artist's income sources, so the threshold must be defined per market and explained. If you are not ready to be judged on the number, do not publish the target: an abandoned target is worse than none.

Recommendation 1.3: Decide, in writing, what "human" means in your purpose

Your September 2025 policies (consent for voice impersonation, a music spam filter, AI disclosure in credits) protect artists against bad actors (Spotify, 2025b). The open question is your *own* AI products: an agent that composes playlists, or "personalised derivatives" of songs, can either serve human creators or replace them. Choose explicitly, and restore the word you choose. We recommend "human creativity", with a published rule: Spotify's own AI features must credit and pay a human creator whenever they use that person's work.

Boundary conditions. This is the right choice if Spotify's advantage is the trust of creators, which we believe it is. It is the wrong one if you expect AI-generated catalogues to become a major margin lever, in which case the purpose should say so honestly rather than keep an ambiguous word.

Recommendation 1.4: Use the purpose as a licence to say no

Sunita Sah (Thinkers50) defines defiance as acting according to one's values when there is pressure to do otherwise, and shows that "insinuation anxiety", the fear of seeming to accuse someone, makes people comply even when they disagree (Sah, 2025). A purpose is only real if employees can invoke it to stop a decision. Add one question to every best review and product launch, *"Does this help human creators reach fans, or does it replace them?"*, and protect the people who answer "no". When the answer is contested, use Alice Driscoll and Louise van Haarst's "smart conflict" approach (reflection, regulation, readiness, response, repair) so that the disagreement is productive rather than avoided (Driscoll & van Haarst, 2025).

Boundary conditions. Defiance needs a clear purpose to defend; without Recommendation 1.1, the question has no anchor. It should not become a veto on every experiment: apply it to decisions that touch creators' income or attribution, not to interface details.

Our proposed purpose statement

> *"Spotify is the world's personal audio platform, connecting billions of listeners with the music, podcasts and books they will love. We exist to unlock the potential of human creativity, and we measure our success by how many artists, podcasters and authors can live from their work."*

It answers Montgomery's three questions: who we are (a personal audio platform), what makes us distinctive (personalised discovery at global scale) and what we exist for (human creativity, made measurable).

Part 2. Assessing the leading: empowerment at Spotify

Spotify empowers its people strongly over where, when but less over how they work, moderately over what they work on, and little over what is funded; the 2023 layoffs showed where that boundary lies.

2.1 Leadership, empowerment and theories

Before analysing how Spotify leads its people, we set out the concepts we use; each of them is applied to Spotify in sections 2.2 and 2.3.

Northouse defines leadership as "a process whereby an individual influences a group of individuals to achieve a common goal" (Northouse, 2010, p.3). For Kotter, leaders handle change through four actions: setting a direction, aligning people, motivating and inspiring them (Kotter, 1998, as cited in Bez, 2026). Because leadership is a concept of influence between a leader and their followers, the leader should adapt their style to the followers' competence and commitment, a principle known as situational leadership. Hersey and Blanchard's situational leadership distinguishes four styles: telling (directing), selling (coaching), participating (supporting) and achievement-oriented (delegating).

In the large concept of leadership, we find empowerment. Lee, Willis and Tian define it as "delegating authority and decision-making, sharing information, and asking for their input". Their meta-analysis shows that the outcomes of empowerment are varied and not all of them are positive. Empowering leaders raise creativity, citizenship behaviour (helping colleagues, volunteering) and trust in the leader, but do little for routine task performance and can burden employees with stress. The effect can depend on who uses it. This effect is more pronounced in Eastern cultures than in Western cultures, as well as among employees who have recently joined the company, and it varies depending on the industry and the nature of the tasks. Ultimately, what matters is the sense of autonomy that employees actually feel, not the one proclaimed by management (Lee et al., 2018).

Maslow tells us when to empower: higher needs such as self-actualisation drive behaviour only once security and belonging are reasonably met. McGregor tells us whom to empower: Theory Y employees seek responsibility, Theory X employees need direction. Daniel Pink tells us how to empower, through autonomy, mastery and purpose. Pink's own boundary condition matters for Spotify: intrinsic motivation works for creative, heuristic tasks and only once pay is fair enough to take money off the table, while for routine, "algorithmic" tasks clear rules and extrinsic rewards may still work better (Maslow, 1943; McGregor, 1960; Pink, 2009).

2.2 How Spotify leads and motivates its employees

2.2.1. Aligned autonomy: leading without giving orders

At Spotify, teams are free to try new ideas and test them before deciding what to keep.This reminded us of Chiara Spina (Thinkers50), who we studied in class. She says that companies should test their ideas on a small scale first, look at the results, and only then launch them (Bez, 2026d). Spotify does this a lot, because its teams test many new ideas on small groups of users before keeping them.

But we think this way of working also has some limits. Testing everything takes time, and if every team looks for its own solution, the company can lose a lot of time. This happened at Spotify. In 2021, its engineers said that “too much autonomy” was slowing them down. Some teams had built up to 15 versions of the same tool, and new engineers needed around two months to be fully productive (Spotify Engineering, 2021).

Spotify created a shared platform called *Backstage*, and teams could choose to use it or not. It worked well, and most of the improvements to the platform came from employees outside the team that created it. For us, this shows that testing is useful, but sometimes a company also needs people who solve problems quickly and are ready to take risks, instead of testing every option. Otherwise, it can slow down the work and the development of the company.

2.2.2. Work From Anywhere: autonomy over place and time

Since 2021, Spotify employees can choose to work from home or from an office, and from which country. In 2025, while companies such as Amazon were ordering staff back to the office five days a week, Spotify kept its policy. Its HR chief explained that employees "aren't children", and the policy still applied in 2026. Spotify judges people on results, not on time spent at a desk ("We measure success by outcomes, not hours"), but it still presents the office as the main place to build strong relationships (Fortune, 2025; IMD, 2026, Life at Spotify). This reminds us of McGregor's Theory Y: Spotify assumes that employees are responsible adults who will work well without being watched, so it controls results rather than presence.

Also in Camilla Kring's terms (Thinkers50), the policy gives autonomy a big place: chronoleadership asks managers to let people work at the hours that suit their chronotype and to judge them on results, not presence. Spotify's "outcomes, not hours" principle is chronoleadership in spirit; whether teams actually organise their meetings around chronotypes is not documented publicly.

2.2.3. Hack Week and bottom-up innovation

Once a year, during Hack Week, employees put their usual tasks aside for a week and work on projects they find interesting, alone or in teams. A well-known example is Discover Weekly, one of Spotify’s most successful features, which started in 2014 as one engineer’s personal project (IEEE Spectrum, n.d.; Spotify, 2021). This shows a bottom-up way of leading, where ideas come from employees, instead of the traditional top-down approach where managers decide everything. It gives employees more autonomy and can make them feel more involved and more important in the company.

Hack Week uses Pink’s three drivers of motivation at the same time: autonomy, because employees choose their project and their team; mastery, because they learn by building something new; and purpose, because they work on ideas that matter to them. It also matches the view of Alex Budak (Thinkers50) that leadership is something you do, not a job title: anyone can challenge the way things are done and get others to follow their idea. However, we did not find any public data on how many Hack Week projects actually become real Spotify features.

2.2.4. A people system

Spotify’s HR blog gives a good idea of how the company sees performance. It treats performance and development as one single thing, because, in its own words, “you can’t really separate the two”. This

is also why it dropped classic performance ratings in favour of a “talent snapshot”: according to Spotify HR (2020), ratings can push employees into a “fixed mindset”. Pay follows the same idea. Everyone who joins receives shares in the company, and employees can choose how they split their rewards between cash and shares (Spotify HR, 2022). The message is “focus on your growth and the cash will follow”.

In a way, this whole system is Pink’s idea of mastery put into practice: employees are pushed to keep learning and improving, and HR is organised around that goal. Letting people choose their own mix of cash and shares even gives them some autonomy over their rewards. Generous pay also plays a role, since Pink explains that intrinsic motivation only works once people feel fairly paid. The other side of this system, how Spotify actually evaluates and controls performance, is discussed in Part 4.

2.2.5. Care for basic needs

Spotify has offered six months of fully paid parental leave to all employees worldwide since 2015. In 2025 it added Modern Health by Heart & Soul, a platform on which each employee builds a personalised well-being programme (Fortune, 2015; IMD, 2026). It can remind us of Maslow’s pyramid of needs, these practices secure safety and belonging needs, the precondition for higher-level motivation to work.

2.2.6. Leadership under pressure: the 2023 layoffs

2023 was a difficult year for Spotify. The company cut jobs three times: about 6% of its staff in January, around 200 podcast jobs in June, and then about 17% in December, roughly 1,500 people. In his January memo to employees, Daniel Ek explained that costs had grown twice as fast as revenue, and he said: “I take full accountability for the moves that got us here today” (Ek, 2023). Laid-off employees received on average five months of pay, which is quite generous.

What is important here is how much the leadership style changed. A company known for letting teams decide almost everything suddenly made fast, central decisions without asking anyone. Situational leadership helps to understand this: in a crisis, moving from a delegating style to a more directive one can make sense. Ek also handled it rather well, with a public memo, personal responsibility and fair severance pay.

Still, these cuts probably had a cost for the empowerment model. If we follow Maslow, people who are afraid of losing their job focus on security first, and freedom at work stops being what motivates them. Edmondson’s work on psychological safety (2018) points the same way: after several rounds of layoffs, employees are less likely to speak up or take risks, which is exactly what Spotify’s model relies on. The restructuring did not stop in 2023 either. In March 2026 the podcast team was reorganised again, this time to remove management layers and speed up decisions (Storyboard18, 2026), and the company now has 7,284 employees.

2.2.7. Values and leadership style at the top

Spotify’s values show the kind of leadership it wants. One of them, Human Judgment, is about trusting people to make good decisions and take reasonable risks. Managers are encouraged to

delegate instead of controlling every detail, and teams regularly meet in workshops called “band jams” to discuss what the values mean in their daily work (IMD, 2026).

In our opinion, this shows a real will to trust employees, and it fits well with everything we have seen so far, from Hack Week to Work From Anywhere. But we think it should be read with some distance. Values are easy to write, and most of what we know about them comes from Spotify itself, so it naturally gives a positive picture. When we look at the top of the company, power is still quite concentrated: two co-CEOs run Spotify, and Daniel Ek, one of the founders of Spotify, as Executive Chairman, still decides on investments and long-term strategy. It seems that trust and delegation can be possible in daily work, but that the most important decisions stay in the hands of a small group of leaders.

2.3 The empowerment

2.3.1. The degree of the empowerment

After looking at Spotify’s practices one by one, we can now assess how much power employees really have. In fact, it depends on the type of decision. Spotify uses several leadership styles: a delegating (achievement-oriented) style for how teams work, a participating style inside squads, and a telling style for strategic decisions, as we saw with the 2023 layoffs (Bez, 2026b). The table below shows these decisions, from the ones where employees are the most free to the ones where they have almost no say.

Decision	Who decides	Degree of empowerment	Evidence
Where to work	The employee, with the manager	High	Work From Anywhere
How to do the work	The squad	High	Aligned autonomy; voluntary adoption of Backstage
What to experiment	Teams, within guardrails	High	About 10,000 experiments a year
What to build	Squad with product owner, within tribe goals	Medium	Missions set from above
Budgets, headcount, bets	Co-CEOs and executive team	Low	2023 reorganisation and layoffs decided centrally

Control of the company	Founders	Very low	Founders' beneficiary certificates preserve their voting control

Table 1. *Degree of empowerment at Spotify by type of decision.*

2.3.2. The effects of empowerment at Spotify

Empowerment does not always have the same effects: it can improve some things and make others worse, and its impact depends on factors like national culture, the industry or the employees' experience (Lee et al., 2018). To check this at Spotify, we looked at its main empowerment practices one by one. For each of them, the table shows what it improves, what problems it creates, and what makes these effects stronger or weaker in Spotify's case.

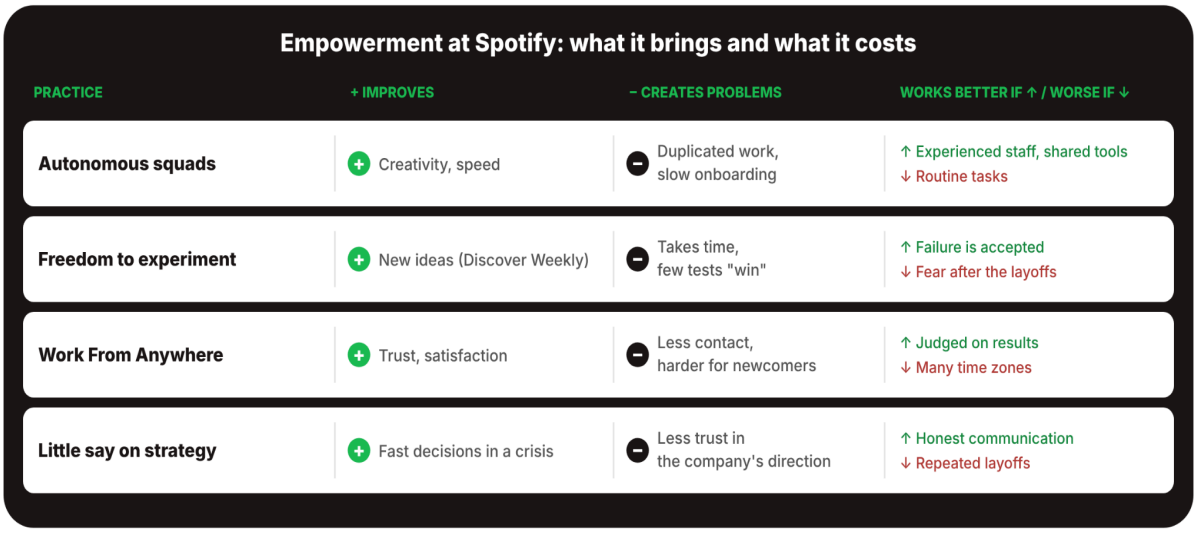


Figure 2. *Positive and negative effects of empowerment at Spotify, and what influences them. Own elaboration based on the sources cited in sections 2.2 and 4.2; layout created with the help of Claude (Anthropic, 2026).*

2.3.3. Verdict

Empowerment at Spotify is real, but it has limits, and since 2023 more decisions are taken at the top. Employees like their daily freedom, but they trust less where the company is going. For us, the most important thing now is psychological safety: the model will only keep working if employees feel safe enough to use their freedom.

2.4 Note to the co-CEOs on leading and empowerment

> To: Alex Norström and Gustav Söderström, co-CEOs Re: Making empowerment targeted rather than uniform

Does your leadership approach foster empowerment? Our answer. Yes, strongly, for where, when and how people work, and for experienced specialists on creative tasks. Only partly for what is built, and not for what is funded. And since the 2023 layoffs, employees' perceived safety to use that freedom

has weakened. Your empowerment is real, but it is uniform (the same for every task and every employee) and fragile (it depends on a trust that has been tested).

What works, and should be kept. Your leadership model is a competitive asset: autonomy over how and where people work, a growth-based people system, generous care for basic needs and an explicit Theory Y stance. Do not answer the coordination problems of the past by taking that freedom back. Our recommendations make empowerment more targeted and safer.

Recommendation 2.1: Empower newcomers first, with an "empowerment ramp"

Because empowering leadership has the strongest effect on less experienced employees, give every new engineer and product hire a real decision in their first 30 days: own one small production change end to end, with a named mentor and Backstage's recommended paths. Track the "time to tenth pull request" your engineers already use, and create an equivalent for non-engineering roles.

Boundary conditions. This works for creative and technical roles. For regulated tasks such as payments or royalty reporting, newcomers need the *selling* style first: explained rules, then gradual delegation. Without a mentor, early responsibility turns into the stress that Lee et al. warn about.

Recommendation 2.2: Move Work From Anywhere from "where" to "when"

Ask each squad to agree on a few hours of common overlap and to protect the rest of the day for focused work at each member's best time, as Kring's chronoleadership suggests. Make it visible in team charters, and judge people, as your values already say, on outcomes rather than hours.

Boundary conditions. Chronoleadership is not "everyone works whenever they want": teams that serve customers, run live operations or span many time zones need larger common windows. It also has to be reconciled with your message on offices as "the primary arena" for connection, so that employees do not receive two contradictory signals.

Recommendation 2.3: Rebuild psychological safety with a protected "right to challenge"

After three rounds of layoffs, speaking up feels riskier. Add a short, anonymous psychological-safety pulse (three or four questions) to your existing employee surveys, reviewed team by team. In every major bet review, appoint a rotating challenger whose job is to argue against the proposal, and publicly thank people who stop a weak project early, as Edmondson and Sah both recommend in different words. Agree, between the two of you, how you resolve disagreements and when the Executive Chairman decides, so that staff always know whose call it is, in line with Fayol's unity of command.

Boundary conditions. A survey without visible action makes cynicism worse, so commit to one action per quarter in response to the results. The challenger role must not slow urgent decisions: once a decision is taken, the team commits to it.

Recommendation 2.4: Differentiate empowerment by type of task

Map your teams by task type. For creative, heuristic work, keep the delegating style and Pink's autonomy, mastery and purpose. For routine, high-reliability work, prefer clear standards, coaching and fair extrinsic rewards. Treating every team as a mini start-up is itself a one-size-fits-all choice.

Boundary conditions. The map must describe tasks, not people; otherwise it creates a two-class culture in which some teams feel labelled "Theory X". Review it yearly as AI automates part of the work

Part 3. Assessing the structure: organising Spotify

Spotify has a hybrid organisational structure. At the lower level, autonomous squads work in a flexible way, while at the top, the company is divided between two co-CEOs, with the founders keeping overall control. This means that teams have freedom in how they work, but decisions about budgets and resources are becoming more centralised.

3.1 Concepts used

As discussed in class, "organisation makes the strategy alive". Organisational design is the process of creating, implementing, monitoring and adjusting an organisation's structure, processes and procedures. It includes three main components: structure, culture and control. Its main goal is to put the company's strategy into practice.

Organisational structure is more specific, as it explains how tasks are divided between individuals and teams and how resources are allocated. To analyse Spotify's structure, we use the five building blocks studied in class: specialisation, hierarchy, centralisation, formalisation and coordination. We also include experimentation, the sixth building block proposed by Gary Hamel (Thinkers50). Finally, we use Mintzberg's six basic parts and structural configurations to better understand Spotify's organisational model (Bez, 2026c; Hamel & Zanini, 2020; Mintzberg, 1979).

3.2 Spotify's formal structure

At the top of Spotify's structure is Daniel Ek, who is now Executive Chairman and is responsible for capital allocation and long-term strategy. As explained in the September 2025 announcement, the two co-CEOs report to him. Gustav Söderström is responsible for product and technology, while Alex Norström focuses on the business side, including subscriptions, advertising, content and markets.

This division started in January 2023, when Ek reorganised the company "to drive more efficiency, control costs, and speed up decision-making". As part of this change, Söderström became Chief Product Officer and Norström became Chief Business Officer, responsible for both content and advertising.

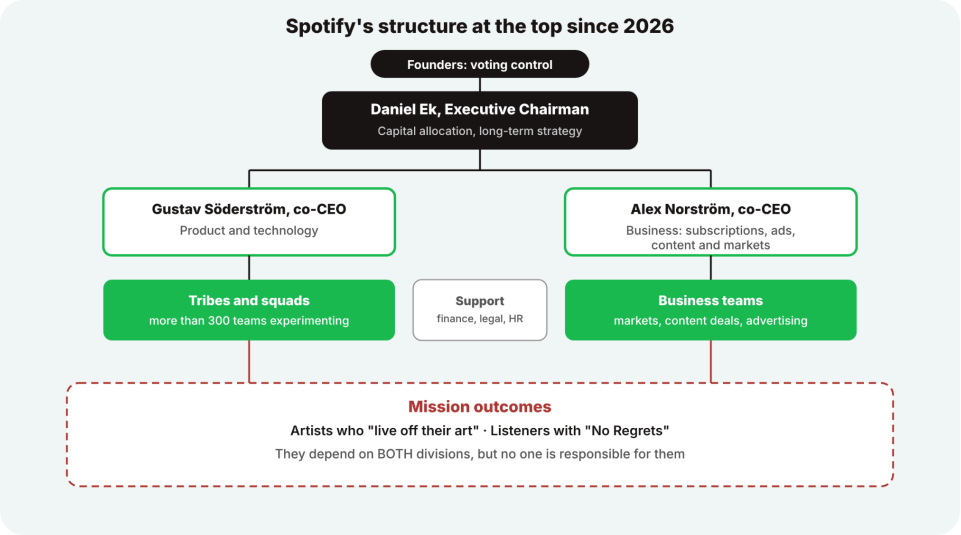


Figure 3. *Spotify's structure at the top since 2026, and the mission outcomes that cross its two divisions. Own elaboration based on Ek (2023) and Spotify (2025a); layout created with the help of Claude (Anthropic, 2026).*

In Spotify's original organisational model, the basic unit is the squad, a small cross-functional team responsible for a specific part of the product. Each squad chooses how to work, while a product owner sets priorities without directly managing employees. Squads working on related areas form a tribe, while chapters bring together employees with similar skills across different squads, under a chapter lead. Finally, guilds allow employees from different tribes to share knowledge and ideas (Kniberg & Ivarsson, 2012).

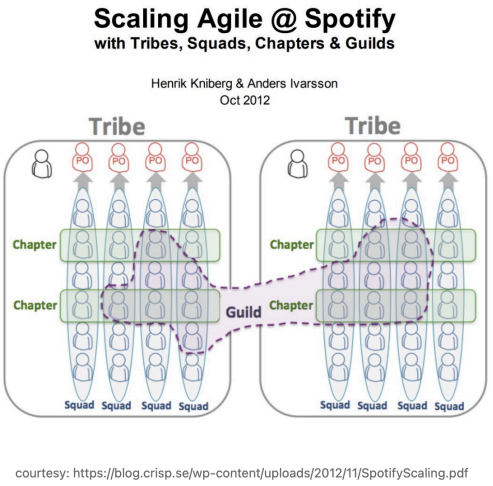


Figure 4. *Spotify's original squad, tribe, chapter and guild model (Kniberg & Ivarsson, 2012).*

This model helps explain how Spotify originally organised its product teams. Today, more than 300 teams carry out experiments, while departments such as finance, legal and HR support the company's two main divisions. In September 2026, Spotify had 7,284 full-time employees (Ek, 2023; Spotify, 2025a; Spotify Technology S.A., 2026b).

3.3 The building blocks of Spotify's structure (Task 1)

Building block	Spotify's level	Key evidence
Specialisation	High by job; hybrid departmentalisation	Squads by product mission, chapters by skill, divisions split between product/technology and business
Hierarchy	Flat at the base, layered at the top	Squads without a formal manager; chairman, two co-CEOs and division heads above; de-layering in 2023 and 2026
Centralisation	Medium and rising	Squads decide "how"; the centre decides budgets, bets and cuts; founders keep voting control
Formalisation	Low, rising through soft standards	Teams choose their methods; Backstage and its recommended paths are optional; high only where law requires
Coordination	Mutual adjustment and norms, plus standardised outputs at the centre	Guilds, chapters, values; quarterly targets and guardrail metrics
Experimentation (Hamel)	High on "free", uncertain on "fearless"	About 10,000 experiments a year, but three rounds of layoffs in 2023

Table 2. *The building blocks of Spotify's structure.*

3.3.1. Specialisation

Specialisation refers to how work is divided into different jobs, while departmentalisation explains how these jobs are grouped within a company. Spotify uses several types of departmentalisation at the same time. For example, squads are organised around specific products or missions, while chapters bring together employees with similar skills. The company also separates its costs into R&D, sales and marketing, and administration.

Spotify also organises its activities by content, since music, podcasts and audiobooks have different business models. In terms of customers, the company separates its free and Premium users into two segments. Finally, different geographical markets are managed within the business division. This creates a matrix structure where an engineer works in a squad on a specific project but also belongs to a chapter for professional development and line management (Kniberg & Ivarsson, 2012; Lee, 2020).

A high level of specialisation can improve productivity, but it can also reduce flexibility and make teams more dependent on each other. Spotify tries to balance this through its cross-functional squads, which bring together employees with different skills. This allows teams to work more independently while still benefiting from specialised knowledge, which is particularly useful for creative work in a large company.

3.3.2. Hierarchy

Hierarchy refers to the levels of authority in a company and who reports to whom. In Spotify's original model, squads do not have a traditional manager. A product owner sets priorities, while engineers report to a chapter lead outside their squad.

Although Spotify is known for its flat structure, its top management has several levels, including an Executive Chairman, two co-CEOs, division heads and tribe leads. The company has tried to reduce these layers, especially through the December 2023 layoffs and the March 2026 podcast restructuring, which aimed to simplify management and speed up decisions (Radio Ink, 2023; Storyboard18, 2026).

We found no public data on Spotify's spans of control. However, Corporate Rebels reported in 2016 that chapter leads often worked part-time as developers, helping them stay close to their teams. There is no recent evidence confirming whether this is still the case (de Morree, 2016).

A tall hierarchy can improve control and offer clearer career paths, but it can also increase costs and slow down decisions. Spotify keeps its operational teams relatively flat, although its matrix structure can make it difficult to identify who is responsible for a team's results, a weakness also mentioned by Jeremiah Lee and other former employees.

3.3.3. Centralisation

Centralisation refers to how much decision-making power is held by top management. At Spotify, squads have freedom in how they work and run experiments, but major decisions about budgets and priorities remain centralised.

For example, the 2023 reorganisation placed product and business activities under two different executives, while decisions such as layoffs were made at the top. The founders also maintain voting control through beneficiary certificates described in the 2018 prospectus, and the Executive Chairman is responsible for capital allocation.

As discussed in class, both centralisation and decentralisation have limits. BP's centralised response to the Deepwater Horizon disaster was too slow, while the FBI and CIA were too decentralised to share important information before the September 11 attacks.

Spotify therefore needs a balance between the two. Decentralisation supports local markets and product innovation, while centralisation helps maintain a consistent platform and manage financial priorities. For example, in 2026, Spotify decided to "increase friction" in its free service in some emerging markets to balance user growth and monetisation (TIKR, 2026).

3.3.4. Formalisation

Formalisation refers to how much a company relies on written rules and procedures. At Spotify, it has traditionally been low because squads can choose their own working methods.

However, too much autonomy has sometimes caused problems. For example, the same service existed in 15 different versions. Instead of adding strict rules, Spotify introduced Backstage, which offers recommended "golden paths" that teams can choose to follow (Spotify Engineering, 2021).

Formalisation is higher in areas such as financial reporting and content policies, including the 2025 rules on impersonation and spam. Based on Jaworski's formalisation scale studied in class, we would expect lower levels of formalisation in product teams and higher levels in finance and payments.

Formalisation helps make work more consistent and reliable, but too many rules can limit creativity. Spotify therefore tries to find a balance by using recommended standards without making every procedure compulsory.

3.3.5. Coordination

Mintzberg identifies six coordination mechanisms, and Spotify uses all of them in different ways.

1. **Mutual adjustment:** Squads communicate and coordinate directly through guilds, chapters and Hack Week.
2. **Direct supervision:** This became more important after the 2023 reorganisation, when two executives took responsibility for the company's two main divisions.
3. **Standardisation of work processes:** Spotify uses Backstage to provide recommended ways of working without making them compulsory.
4. **Standardisation of outputs:** The company sets quarterly targets for users, subscribers, revenue, gross margin and operating income. Experiments also have success and guardrail metrics.
5. **Standardisation of skills:** Chapters bring together employees with similar skills, while Spotify also hires specialists.
6. **Standardisation of norms:** Shared company values and "band jams" help teams discuss and follow common principles.

Mintzberg's theory helps explain Spotify's approach. Mutual adjustment works well for small teams doing creative and complex work, but it becomes harder as a company grows. This is why Spotify has gradually introduced more shared targets and recommended processes while keeping some flexibility.

3.3.6. Experimentation: Hamel's sixth building block

Hamel argues that traditional bureaucracy focuses too much on control and is less effective in a fast-changing environment. He proposes "humanocracy", an approach that gives employees more freedom to experiment, based on three principles: being flat, free and fearless (Hamel & Zanini, 2020).

Spotify performs well on *free*, with around 10,000 experiments each year across more than 300 teams (The New Stack, 2025). For example, Discover Weekly was first tested with employees and then with

1% of users. For *flat*, Spotify has a mixed structure, with autonomous squads but several management levels at the top.

The *fearless* aspect is less clear. Teams can learn from failed product experiments, but the three rounds of layoffs may make employees less comfortable taking risks. Overall, Hamel's approach is relevant to Spotify because the company needs to keep innovating to compete with Apple, Google and Amazon.

3.4 Structural configuration: a hybrid

Mintzberg identifies six basic parts of an organisation, which can also be found at Spotify. The strategic apex includes the Executive Chairman, the co-CEOs and the board. The middle line consists of division heads and tribe leads, while the operating core includes the squads developing and managing the product. The technostructure includes platform teams such as Backstage, Confidence and data science, which provide shared standards without strict supervision. The support staff includes HR, legal and finance, while the ideology is represented by Spotify's values.

Spotify combines several structural configurations. Its operational teams follow an *adhocracy*, where specialists work together through mutual adjustment. Since 2023, top management has become more divisional, with two main divisions and central control over resources. The founders' voting control also adds features of a simple structure. This allows teams to experiment but can make decisions involving both divisions more difficult.

Spotify's Backstage can be compared to Ubisoft's Technology Group, a case studied in class. At Ubisoft, internal "coopetition" made tool sharing difficult because studios wanted to protect their advantages, did not always trust each other's tools, and had no central coordination. Ubisoft created the Technology Group to help studios share and use tools more easily.

Spotify faced a similar issue when it found 15 versions of the same service. Its solution was Backstage, which helps teams share tools and follow common practices. Unlike a strict centralised system, Backstage is voluntary, with 80% of contributions coming from outside its core team (Spotify

Engineering, 2021). This helps Spotify improve coordination without adding too much bureaucracy.

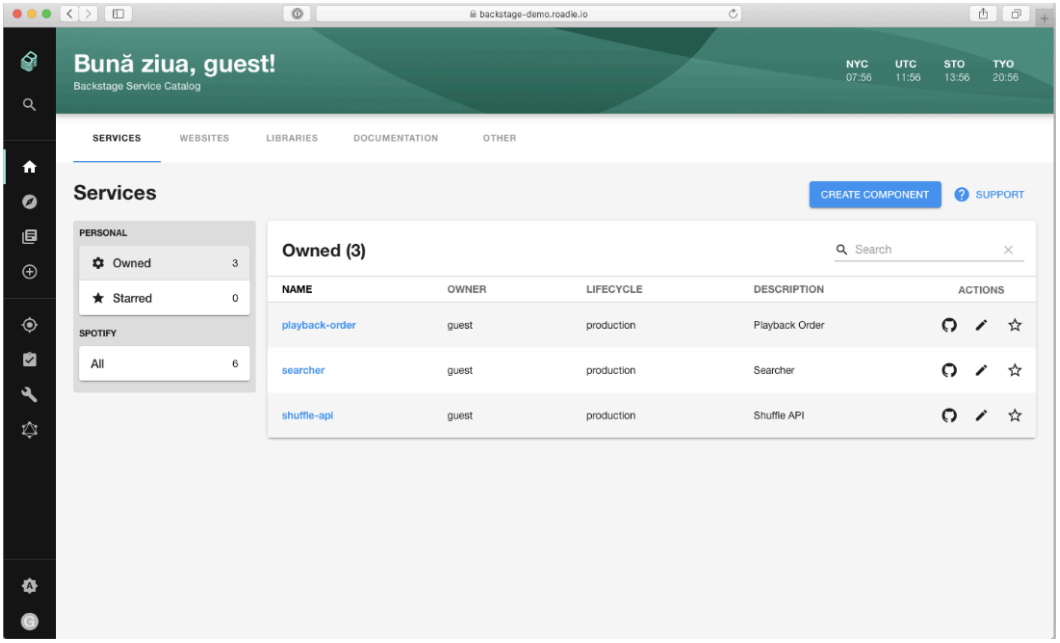


Figure 6. *Backstage, the shared internal platform that Spotify built so that its teams reuse the same tools instead of creating their own (Backstage, n.d.).).*

3.5 Strengths and weaknesses of the structure

Strengths	Weaknesses
Speed and creativity where products are built (Discover Weekly; 10,000 experiments a year)	Weak accountability in the matrix: engineers are managed outside their squad
Clear ownership of each half of the company since 2023	Mission outcomes cross the line between the two divisions and are owned by neither
Coordination without coercion through Backstage, a voluntary technostructure	A two-headed top under a founder chairman tests Fayol's unity of command
Long-term orientation protected by founder control	Concentrated voting control limits outside shareholders' influence
Repeated de-layering keeps the base flat	Repeated restructurings (2023, 2026) may weaken the "fearless" side of experimentation

Table 3. *Strengths and weaknesses of Spotify's structure.*

3.6 Note to the co-CEOs on organisational structure (Task 2)

> To: Alex Norström and Gustav Söderström, co-CEOs (copy: Daniel Ek, Executive Chairman) Re: One structural change to connect your structure to your purpose

Spotify's current structure has several strengths. Autonomous squads allow teams to develop and test ideas quickly, while Backstage helps them share tools without adding too many rules. Since 2023, the two main divisions have also had clearer responsibilities. Spotify's operating income increased by 15% compared to the previous year in the last quarter, showing positive results (Spotify Technology S.A., 2026b).

However, Spotify's main goals depend on cooperation between both divisions. Helping creators earn a living from their art requires both product discovery and business activities such as licensing and royalties. Similarly, improving the listening experience depends on algorithms and content agreements. Since these responsibilities are shared, decisions involving both divisions can become difficult and may require intervention from top management.

Recommendation 3.1: Create a small number of cross-divisional "mission outcome owners"

We recommend appointing three senior leaders, each responsible for a specific goal:

1. **Creator livelihoods:** Helping more artists earn a living from their work (see Recommendation 1.2).
2. **Listener discovery:** Improving music discovery and supporting Spotify's "No Regrets" promise.
3. **Podcasts and audiobooks:** Supporting their growth as businesses for creators.

These leaders would report to both co-CEOs and manage a budget for projects involving both divisions. However, they would not directly manage employees, so squads could keep their independence.

This approach follows Mintzberg's idea of coordination through standardised outputs rather than direct supervision. It also connects to Alex Budak's view that leaders can influence others without relying only on formal authority.

Recommendation 3.2: Test the change before scaling it

Chiara Spina (Thinkers50) explains that large companies can reduce risks by testing new strategies on a small scale before applying them more widely, as shown in the Marriott case studied in class (Bez, 2026d).

Spotify could follow this approach by first introducing one mission outcome owner focused on creator livelihoods for two quarters. The company should measure results using clear indicators, such as how quickly decisions between divisions are made and how satisfied squads are with the new system. If the results are positive, Spotify could expand the approach.

What to consider when implementing the change

- **Employee resistance:** Changes in responsibilities and budgets may create concerns. After the 2023 layoffs, employees might worry about further job cuts. Spotify should clearly explain that the goal is better coordination, not cost reduction.
- **Budget authority:** Mission outcome owners need enough control over budgets to make decisions. Otherwise, they could become an unnecessary management layer.
- **Limited roles:** Spotify should keep the number of owners small and review their usefulness every year. If coordination between divisions already works well, these roles may not be necessary.
- **Clear responsibilities:** A short document should explain which decisions each co-CEO can make independently, which require agreement and when the Executive Chairman should intervene. This would support Fayol's principles of unity of command and direction while maintaining shared leadership.

Part 4. Assessing the control process

Spotify watches its finances, user numbers and product quality closely. However, we could not find very much control over its mission towards artists and listeners, or over staff well-being.

4.1 Concepts used

Control means all the tools that management uses to guide behavior: rules, but also values and routines. We use the feedback-loop model. A goal is set, results are measured and compared with the goal, and corrections are made if needed. This can happen before, during or after the work. It applies to performance management, quality, finance and strategy. It can be negative, such as detecting a failure, or positive, such as recognising a success.

Furthermore, control has two different meanings. Control by domination depends on obedience, rules, incentives and punishment and control by self-control depends on responsibility, objectives and self-actualisation, with a move towards "pushing down to the lowest possible level" and "paying people for the results". In class, Netflix was the example of self-control: no annual reviews, expenses without approval, unlimited vacation, and the "keeper test", where managers ask which of their people they would fight to keep. Companies combine several systems in a control package. Malmi and Brown divide it into cultural, planning, cybernetic, reward and compensation, and administrative controls.

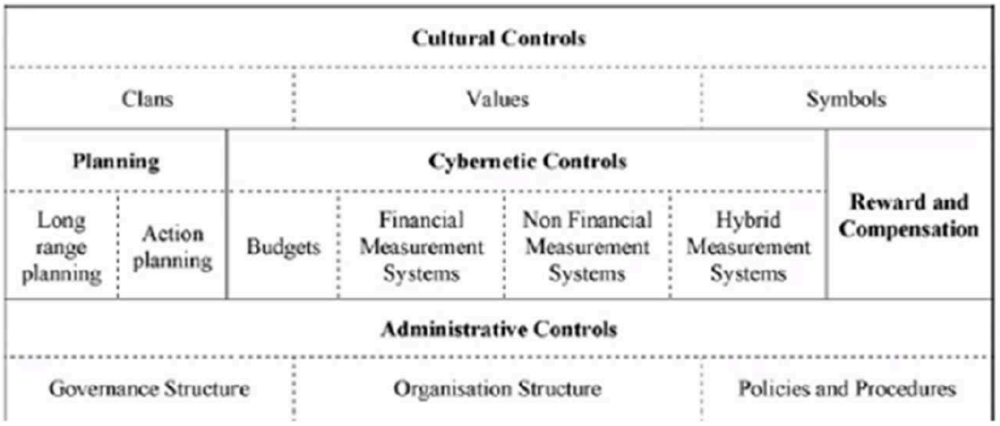


Figure 6. *Management control systems as a package (Malmi & Brown, 2008, as presented in Bez, 2026d).*

Finally, the course presents four criticisms of mechanistic control:

1. People also improve when no gaps are detected, because of an emotional component.
2. Negative feedback is often given too much weight.
3. Evaluations change people's priorities.
4. Human beings can introduce biases into evaluations.

Amy Edmondson adds that control needs psychological safety, because people must feel free to report problems (Edmondson, 2018).

4.2 The controlling functions at Spotify (Task 1)

Financial and strategic control: the quarterly guidance loop

Every quarter, Spotify sets public standards and reports its results against them. This is a complete control loop that anyone can see. Its Q3 2026 shareholder update shows how the loop works:

Q3 2026 indicator	Standard (guidance)	Actual	Gap
Monthly active users	788 million	788 million	0
Premium subscribers	305 million	306 million	+1 million
Revenue	€5.0 billion	€4,969 million	0
Gross margin	32.9%	33.0%	+0.1 point
Operating income	€670 million	€672 million	+€2 million

Table 4. *Spotify's Q3 2026 guidance compared with its actual results.*

The loop leads to visible corrective action. In January 2023, the comparator showed that operating expenses were growing twice as fast as revenue. The effector was a reorganisation and a 6% staff cut, followed by a 17% cut in December (Ek, 2023). In Q2 2026, the company added one million fewer users than forecast. Management explained on the earnings call that it was deliberately adjusting "product optimization and ad load" in some emerging markets (Fortune, 2026). This choice "carefully increases friction in our free service" to encourage people to pay (Spotify Technology S.A., 2026a, 2026b). At the strategic level, the May 2026 Investor Day set long-term standards: a gross margin of 35% to 40%, an operating margin above 20% by 2030 and 1 billion users. The company even plans for sensitivities in advance, such as the €20 million effect on payroll taxes of every 10% change in its share price (TIKR, 2026).

Quality control: experiments and guardrails

Spotify controls product quality through experiments, not approvals. More than 300 teams run about 10,000 experiments a year (Spotify, 2025b). Each test defines what should improve and what must not get worse. Spotify even measures the quality of its own control system. In a 2025 engineering post, it explains that it counts an experiment as a "learning" when it "produces a valid result that informs a product decision" (Spotify Engineering, 2025). Only about 12% of experiments "win", but about 64% produce learning. For catalogue quality, Spotify removed more than 75 million spam tracks in twelve months and introduced an impersonation policy and a spam filter in 2025 (The New Stack, 2025).

Performance management: a growth-based self-control system

Spotify treats performance and development as one practice. It is built on continuous planning and one-to-ones, development talks, a "talent snapshot" instead of fixed ratings, and an annual compensation review in the first quarter. According to its HR blog, it rewards "high performance, taking into account a band member's mastery, contributions, and behavior". It offers equity to all employees. Its values say: "we measure success by outcomes, not hours" (Spotify HR, 2017, 2020, 2022).

Cultural and administrative control

The values (One Team, Human Judgment, Make It Happen) and the band jams, where teams discuss them, are a form of cultural control. Administrative controls include the structure itself (Part 3), the content policies and, because Spotify is listed in the U.S., the governance and financial-reporting duties that come with that status.

4.3 Analysis: what Spotify controls, when and how

All three moments of control are present, but they are not equally developed.

Object of control	Feed-forward (before)	Concurrent (during)	Feedback (after)
Finance and strategy	Quarterly guidance; 2030 targets; share-price sensitivity	No official information found	Quarterly results against guidance; 2023 cuts; 2026 free-tier adjustment
Product quality	Success and safety rail metrics defined before each test	Live experiments; staged rollouts (1% of users first)	Learning rate; decision to ship or stop
Mission (creators, listeners)	Purpose statement only	No official measure	Loud and Clear payout report, once a year
People	Growth goals in one-to-ones	Continuous feedback	Talent snapshot; compensation review

Table 5. *When and how Spotify controls its activities.*

The mission appears in the table as a goal, but we found nothing that measures it or compares it with a target.

Spotify clearly favors self-control over domination. Teams get objectives instead of detailed rules, and everyone receives equity. Netflix has a similar philosophy, but its keeper test works through the possibility of being let go. Spotify's approach is softer: it talks about growth, and the HR blog puts it as "focus on your growth and the cash will follow". Counting failed experiments as "learning" also means people aren't punished but rewarded for finding things out, not only for winning.

Taken together, Spotify's control package leans heavily on numbers. Guidance, experiments and the 2030 targets give it strong cybernetic and planning controls, and the reward system is tied to growth. The cultural side is harder to judge. The values are clearly present, but we could not find anything that shows whether they change behaviour. Administrative control is kept deliberately thin

We can observe that the four criticisms applied to Spotify.

- The emotional element. Spotify's growth culture handles this reasonably well for individuals, since employees work on what they want to become and not only on their weaknesses. At company level it is missing: the mission inspires people but is never measured.
- Negative feedback. An experiment that fails to move a metric still counts as a learning, so teams are not punished for it.
- Measures change priorities. Users, streams and engagement are the metrics that matter most, which also makes them the ones people try to game. Streaming fraud and mass uploads of spam tracks exploit a system built on stream counts. The 75 million spam tracks removed in a single year suggest the problem is large, although that figure alone doesn't tell us how well the metrics are working.
- Biased measurement. Carey Morewedge (Thinkers50) argues that algorithms optimise what people do rather than what they want, and that human choices in algorithm design create these biases (Morewedge et al., 2023). A recommendation engine steered by engagement metrics could drift away from the co-CEOs' "No Regrets" promise, which is about what listeners would ideally want.
- Psychological safety. Edmondson found that the best teams reported more mistakes, because they felt safe to talk about them. Spotify's product controls fit this pattern. Its people controls are harder to see: we found no public measure of whether employees feel safe to report a problem, which matters after three rounds of layoffs in 2023.

4.4 Note to the co-CEOs on the control process (Task 2)

TO: Alex Norström and Gustav Söderström, co-CEOs
FROM: WICKENHAUSER Rose, AKSU Irmak, HENDA Moncef, and DESSERRE Olivier
RE: Extending your best control practices to your mission and people

Alex, Gustav,

Spotify's control process has one clear strength: for money and product, the loop is fast and closed. You publish guidance every quarter and report against it. You also run about 10,000 experiments a year, with success and guardrail metrics defined in advance. Counting neutral experiments as "learning" also means that teams are not punished when a test does not win.

The main weakness is that this discipline stops where your purpose begins. We found no public measure of whether creators are better off, whether listeners feel better after a session, or whether

employees feel safe reporting problems after three rounds of layoffs. Engagement metrics capture what people do, not what they want. Whatever is measured every quarter will win every trade-off.

We recommend adding a short mission scorecard (fewer than ten measures) to your quarterly review, instead of building a separate control system. For creators, track the share who reach the “living off their art” threshold. For listeners, use a “No Regrets” score from a one-question in-app survey. For employees, use a psychological-safety index and regretted attrition. This matches your promise that people should “feel better at the end of every session”. It also checks the mission as a whole, instead of leaving it as a statement.

Consider this when implementing : first, each measure needs a named owner and a guardrail, so that a gain on one side (higher conversion) cannot hide a loss on the other (lower creator payouts). Second, use the survey question only as a guardrail for recommendation changes, because self-reported satisfaction is noisy. Finally, expect people to game the measures, so audit them and publish the creator and people numbers externally, as you already do with Loud & Clear. We would not copy Netflix’s keeper test: it relies on fear of being let go, which goes against your growth logic.

Recommendation 4.1: A “mission scorecard” reviewed with the quarterly results

Add a short scorecard to your quarterly review, inspired by Kaplan and Norton’s (1992) balanced scorecard. It should have a few measures for each side of your purpose. For creators: the share who reach the “living off their art” threshold (Recommendation 1.2) and the share of streams going to artists outside the top 1%. For listeners: a “No Regrets” score (Recommendation 4.2). For people: a psychological-safety index and regretted attrition. Give each measure to a mission outcome owner (Recommendation 3.1) and pair it with a guardrail, as you already do in experiments. This way, a gain on one side cannot hide a loss on the other: for example, higher conversion must not come with lower creator payouts.

The scorecard should stay short, with ten measures at most. Beyond that, managers stop using it to make decisions. Publish the creator and people measures externally, as you already do with payouts in Loud & Clear. Otherwise, they will lose to the financial numbers in every trade-off. Expect gaming (criticism 4) and audit the measures.

Recommendation 4.2: A “No Regrets” safety rail in recommendation experiments

Your 2026 promise is that people should “feel better at the end of every session”. Engagement metrics measure what people do, not what they ideally want. Add a reflective measure, for example a short in-app question to a random sample (“Was this session worth your time?”). Use it as a guardrail metric in experiments that change recommendations. Once a year, review which design choices the algorithms reward (popularity, language, local artists).

However, use it for changes to recommendations and feeds, not for every interface test, to avoid survey fatigue. Self-reported satisfaction is noisy, so it should work as a guardrail (what must not get worse), not as the main success metric.

Recommendation 4.3: Feed-forward control for big bets and structural changes

You already define success and stop criteria before a product test. Do the same for strategic bets, such as the Muse AI agent, the expansion of audiobooks to more than 180 markets by the end of 2026, or

AI derivatives with labels, and for reorganisations. Write the success metrics, guardrails and stop criteria before the investment starts, and test on a small scale first, as Chiara Spina recommends. Your podcast strategy has been restructured several times, most recently in March 2026. Pre-defined stop criteria would make such corrections earlier and less painful.

However, some bets cannot be tested on a small scale, such as a global licensing deal. For those, define review dates and indicators instead. Stop criteria must be owned by someone other than the sponsor of the bet. Otherwise, human bias in measurement (criticism 4) will keep weak bets alive.

Netflix's keeper test is often cited as the model of self-control, but we would not copy it. It works through the fear of being let go, which does not fit Spotify's growth logic. It would also make people feel less safe after the layoffs, and it does not fit well with Swedish labour culture.

Footnote

As requested in the email, I used Deepl only to correct my grammar and Claude as a basis for my structure: "I have to write the part about the control process at Spotify for my international management course. I'm not very good at writing. Can you give me a clear structure to explain the four criticisms of each recommendation to the co-CEOs?". Everything else is my own doing.

Conclusion

Our position

Our view is that Spotify's problem is neither too little or too much control. Its purpose is not managed like its other goals, and we think the new co-CEOs should change that this year.

Spotify's management is excellent at the *how*: it gives people unusual freedom over where, when and how they work, and it holds them to account through some of the most advanced feedback loops in the industry. Spotify is good at managing how people work. It is much less clear who is responsible for why the company exists. Its purpose is inspiring but unmeasured, owned by no one across the two divisions, absent from the control system, and recently reworded without a clear position on AI. In a company that now steers by quarterly guidance and 2030 margin targets, what is not measured is slowly redefined by what is.

Why we hold this position

1. The four functions are aligned on efficiency, not on the mission. In planning, the purpose has no metric (Part 1). In leading, empowerment stops where money and priorities begin (Part 2). In organising, the outcomes that define the mission cross the line between the two divisions (Part 3). In controlling, every quarterly standard is financial or user-based, and the mission is checked once a year by a payout report (Part 4). Taken separately these gaps look minor, but together they leave the purpose without any function responsible for it.

2. The Starbucks pattern is already visible. Starbucks lost its purpose between 2004 and 2008 not through a bad decision but through many efficient ones (Bez, 2026b). Spotify's values moved from

"playful" and "sincere" to "One Team" and "Make It Happen", its CEO letter dropped the word "human" from its mission, and its targets are a margin above 20% by 2030. Each of these changes can be justified on its own. The risk is that nothing forces managers to check them against the purpose, so efficiency gradually takes over.

3. AI turns an ambiguity into a strategic risk. Spotify's distinctive asset is the trust of creators and listeners, in a market where the catalogue is the same everywhere. Artists have already shown, in the 2025 boycott, that they will leave when they feel their values are not respected (NPR, 2025). When Spotify builds its own AI agents and AI derivatives, "whose creativity do we unlock?" stops being a slogan and becomes a question about money, attribution and trust.

The strongest objection, and our answer

"Spotify is at record margins and beats its guidance: why change what works?" A reasonable objection is that Spotify is doing well. But reforming while results are good is easier than doing it under pressure, which is why we recommend acting now. Claudius Hildebrand (Thinkers50) describes a CEO life cycle: a launch of confidence and new ideas, a sophomore slump of first difficulties, then reinvention, a complacency trap, and finally the golden years of a lasting legacy (Bez, 2026d). The co-CEOs are in their launch year. The first signals of a slump are already there: user growth fell short of guidance in Q2 2026, which management attributes to a deliberate choice in emerging markets (Spotify Technology S.A., 2026a; TIKR, 2026). A leadership team has the most credibility to change management practices in its launch phase; that is the window to use.

A second objection is that measuring creators' livelihoods exposes Spotify to criticism. It does, and it should be accepted: Spotify is already judged against "a million artists", only against an undefined promise. A published, explained metric is easier to defend than a slogan.

What we ask the co-CEOs to do in the next twelve months

1. Planning: adopt the revised purpose, restore and define "human" creativity, and publish a creator-livelihood target in the 2027 Loud & Clear report (Recommendations 1.1 to 1.3).
2. Organising: pilot one cross-divisional mission outcome owner (creator livelihoods) for two quarters, with success and stop criteria defined in advance (Recommendations 3.1 and 3.2).
3. Controlling: add a short mission scorecard, including a "No Regrets" safety rail and a psychological-safety index, to the quarterly review (Recommendations 4.1 and 4.2).
4. Leading: protect the freedom employees value most, while targeting empowerment at newcomers and rebuilding the right to challenge (Recommendations 2.1 and 2.3).

When our advice would not apply

Our position assumes that creator and listener trust is Spotify's main competitive advantage. If management concludes instead that AI-generated content and efficiency will be its main sources of value, then our first recommendation changes: the purpose should say so honestly rather than keep the word "human" without acting on it. What Spotify cannot afford is to keep an ambiguous purpose while every other managerial function is precise. A company that measures everything except why it exists will eventually stop knowing.

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Sources of figures

Figure 1. The P-O-L-C framework. Saylor Academy. (2012). Principles of management (v. 1.1).

Figure 2. Positive and negative effects of empowerment at Spotify. Own elaboration based on Lee et al. (2018) and the sources cited in sections 2.2 and 4.2; layout created with the help of Claude (Anthropic, 2026).

Figure 3. Spotify's structure at the top since 2026. Own elaboration based on Ek (2023) and Spotify (2025a); layout created with the help of Claude (Anthropic, 2026).

Figure 4. Spotify's original squad, tribe, chapter and guild model. Kniberg, H., & Ivarsson, A. (2012). Scaling agile @ Spotify with tribes, squads, chapters & guilds. Crisp. https://blog.crisp.se/wp-content/uploads/2012/11/SpotifyScaling.pdf

Figure 5. Backstage's software catalog. Backstage. (n.d.). Software catalog https://backstage.io/docs/features/software-catalog/

Figure 6. Management control systems as a package. Malmi, T., & Brown, D. A. (2008), as presented in Bez, S. M. (2026). Step 4. Assessing the control processes (controlling). Université de Montpellier.

Tables 1 to 5. Own elaboration based on the sources cited in the text.