

MANAGEMENT DIAGNOSIS

centio
BUSINESS WELLNESS. OUR MISSION

L3 International Management – Management class

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To Sea BEZ.

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Abstract	3	
Introduction	4	
1. Purpose of the company (Planning)	5	
1.1. Who is Centigo?	5	
1.2. What does make it distinctive?	6	
1.3. What does it exist for?	8	
1.4. Recommendations and advice to the CEO	9	
2. Role of CEO (Leading)	10	
2.1. How does Centigo lead and motivate its employees?	10	
2.2. Assessment of the degree of empowerment implemented	17	
2.3. Recommendations and advice to the CEO	19	
3. Organizational structure (Organizing)	21	
3.1. Definition of the structure	21	
3.2. The key building blocks of an organizational structure	22	
3.2.1. Specialization	22	
3.2.2. Formalization	23	
3.2.3. Centralization	24	
3.2.4. Hierarchy	25	
3.2.5. Coordination	28	
3.3. Strengths and weaknesses of such a structure	32	
3.4. Recommendations and advice to the CEO	33	
4. Control process (Controlling)	34	
4.1. The controlling functions at Centigo	36	
4.2. Recommendations and advice to the CEO	40	
4.2.1. "The Balanced Scorecard"	41	
4.2.2. Defining controlling as a feedback loop	41	
4.2.3. Other practical examples	43	
Conclusion	43	
Bibliography / Webography	45	

Abstract

The aim of this report is to assess Centigo's management approach. Management is a complex discipline that has evolved through the years thanks to the contribution of many thinkers.

Henri Fayol was one of those thinkers, holding a central role with his fundamental ideas that have influenced the theory and practice of management. According to him, management is "To manage is to forecast and to plan, to organize, to command, to co-ordinate and to control." Henri Fayol's influential management ideas emphasize the key components of management, encapsulated in the PLOC framework, which includes Planning, Organizing, Leading, and Controlling. This framework plays a pivotal role in achieving a company's goals by effectively utilizing various resources. 

Our report will be driven by valuable insights from sources such as 'Corporate Rebels' "Meet Centigo: A Prime Example Of A Bossless Organization", data from reliable statistical references, a master thesis and of course the official website of the company Centigo, all contributing to its depth and richness. 

The goal of this report is also to offer recommendations for enhancing their management practices, with new strategies and tools to improve their management level.

Introduction

“This is a remarkable organization of 280 employees, 33 of whom are owners. But none of them is the boss! Indeed, they have no managers. There’s no one person in the organization with authority over another.” (Corporate Rebels, 2018)



We as a group chose Centigo as a company to complete our diagnosis as our first insight was that it is a ‘bossless’ organization which caught all of our attention, because this is something none of us were accustomed to. We wanted to find out more about how a company operates without a manager because it offers the opportunity to explore how a company functions without a traditional management hierarchy. The study of such a company without a manager can reveal innovative practices in terms of organization, communication, and leadership, which can be instructive. It can also deepen understanding of different organizational structures and stimulate reflection on the effectiveness and relevance of traditional management models. This is the reason we were eager to collaborate with this organization and gain a deeper understanding of it.

We also noticed that Centigo is a Swedish company and this immediately directed our thoughts towards the Scandinavian lifestyle and practices that are different to ours. (Grayson Cox, 2019) Sweden has a culture that values equality, transparency and collective decision-making. The absence of a manager in Centigo may be a manifestation of these Swedish cultural values, where the emphasis is on employee autonomy, collaboration and trust. Sweden is often associated with participative management models, where employees are encouraged to contribute to the company's decisions and processes. The absence of a manager in Centigo may be an example of this type of model, where the traditional hierarchy is replaced by a more democratic approach.



Centigo is a management consulting company. It helps its corporate clients to be more successful by deploying a team of consultants and business experts who specialize in business-critical and functional change, improving the long-term sustainability and prosperity of those companies.

By choosing Centigo, we wanted to explore new management approaches. Choosing a bossless company to work on their management approach had a range of interests and advantages for us. Bossless companies are often at the cutting edge of management innovation because they are forced to develop alternative organizational structures and management methods in order to succeed without a traditional hierarchy. Thereupon, we will start to discuss the purpose of Centigo.



1. Purpose of the company (Planning)

“Centigo exists to inspire and lead people to create healthy and prosperous companies and organizations. We apply this philosophy both to our clients and ourselves.”



Planning can be summarized as the vision and mission of the company, the strategizing involved in the short term and long term and the company's goals and objectives (Sea Bez, 2023, course: Management). Below we are going to focus on Centigos purpose.

According to Cynthia A. Montgomery, an American economist and professor, every company should define a clear sentence about the purpose of having a right and successful strategy or management. Her research focuses on how leaders contribute to develop and implement strategy (Cynthia A. Montgomery, 2023).

It is important to have a clear purpose in order to prevent other companies from copying them, ensuring, for example, that customers can find them easily. Moreover, a clear purpose helps its employees to feel as a part of the firm and to know how to perform efficiently. Furthermore, it is easier for the suppliers to locate the actual needs of the company and to satisfy them. (Sea Bez, 2023, course: Management)



Logically, every company should have a clear purpose, but actually a lot of them do not, because this has a need of making choices and decisions. Some firms do not want to commit themselves to a certain choice (Sea Bez, 2023, course: Management).

As a way to find and define the purpose, it is useful to answer the three following questions for a company: Who we are? What makes us distinctive ? What do we exist for? (Cynthia A. Montgomery, 2023)

1.1. Who is Centigo?

Centigo is a management consultancy firm based in Stockholm, Sweden. But there are other offices located in Norway, UK, Ireland and India. The company was founded in 2002 and is part of a “Business wellness group”, which is a platform including several innovative companies that embrace the same mission, vision and core values in the way they operate and help their clients (Centigo , 2023). The company focuses on consulting their clients by addressing business development, change management, project management and sustainability.

Simon Sinek is an author, a businessman and believes in a world where we all wake up inspired and motivated each day. His global bestseller "Start with Why" philosophy emphasizes the importance of starting with a clear understanding of the



company's purpose (O'Neill, S. 2023). The Thinkers50 suggests that organizations should focus on the "why" they exist before addressing the "what" and "how" aspects. So that is why Centigo's purpose should be articulated clearly and communicated to all employees. Centigo's why



1.2. What does make it distinctive?

At Centigo, they provide insights that help their clients make integrated strategic choices, achieving exceptional results. They are creating solutions for long-term success from the planning until the implementation in a close relationship to their clients. (Centigo, 2023)

They are working in a team committed with their 'unique combination of cutting edge competence' to develop a business logic, culture and organization. (Centigo, 2023)

Because of the management concept without any leading manager, Centigo has the possibility to hire people who are highly skilled and engaged. They can develop themselves, thus allowing a high level of creativity as well as an innovation enhancement. In the end, the clients can make the most of this solid management concept.

Centigo is also distinctive in how it treats its clients. The company prides itself for being successful and having successful clients because of the trust they have with their clients. Typically, these clients are acquired through the relationships that new consultants build, as is the norm in this industry, but the other way in which Centigo generates customers is distinctive. New clients are generated by managing partners, first trying to sell standardized projects based on the distinctive qualities of the business units, and when this succeeds, a Centigo client partner is tasked with responsibility for the given project and creates this trust between them and the clients, by delivering positive results. (Anders Uddenberg, Christoffer Rutgersson, 2010)

Jim Collins, a Thinkers50 known for his book "Good to Great," emphasizes the importance of identifying what makes a company truly distinctive and excellent. Centigo should explore its unique strengths, capabilities, and the factors that set it apart from competitors. In this case Centigos strengths and capabilities are its ability to provide professional help in many industries (public sector, small and medium sized enterprises, payments and loyalty, banking, insurance, technology and property - (Centigo 2023)) on a very personal level because of how it deals with its customers .



It is also important to notice that Centigo has several competitors in similar fields of expertise and size, such as Capman Holding, Golden Century International, ASTRA and Zahran, as well as much larger and better-known companies like Accenture, PwC and BCG.

But Centigo sets itself apart from these other consulting firms, firstly because they would probably find it difficult to maintain the same level of client intimacy that the firm has, because of its strong and long-term ties built with the clients. Then Centigo has a more narrow emphasis on certain fields of expertise like sustainable digitalization, giving it an edge over its more generalized rivals. (Centigo, Ragnar Agnell, 2020)

Beyond that, Centigo has the advantage of being more agile and flexible in adapting to its client needs by offering a more personalized and customized approach compared to the larger and more rigid competitors.

Also, the fact that Centigo has a strong presence in specific geographic regions such as Sweden (Stockholm, Malmö, Göteborg), Ireland (Dublin), UK (London), Norway (Oslo) and India (Bengaluru City) is a huge asset, to have such a strong presence in these countries provides a deeper understanding of local markets, regulations, and cultural nuances, something that the competitors located all over the world have less.

Additionally, the firm is also known to highlight the good grades and comments left by satisfied customers on the web, and even some specific client success stories that enable it to showcase how Centigo's solutions led to measurable and positive outcomes for the clients.

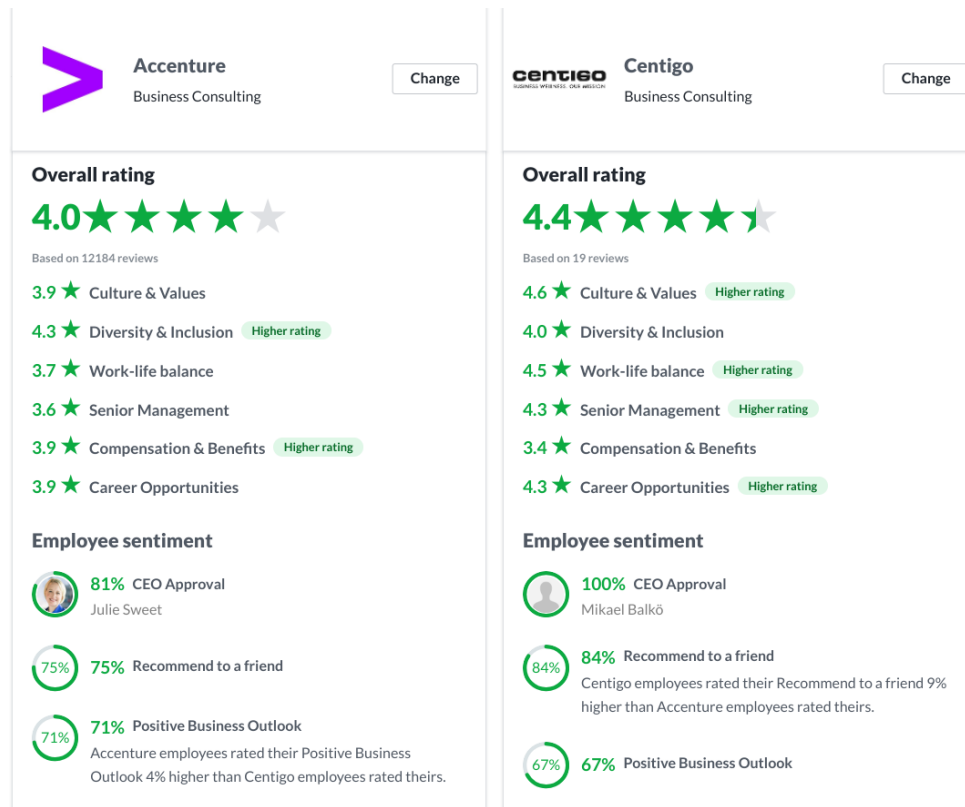


Figure n°1: Comparative Analysis between Accenture and Centigo (Glassdoor, n.d.)



1.3. What does it exist for?

“We are passionate about changing our industry” (Centigo, 2022)

‘Centigo exists to inspire and lead people to create healthy and prosperous companies and organizations’. (Centigo, 2023)

‘They want to create Business Wellness by supporting companies in creating a healthy environment for their employees where people love to work and where enough profit is generated to create a healthy future’.

Centigo exists to influence major change in the consultancy industry. It seems that Centigo was created with the main purpose of having employees that “dream about being an entrepreneur, or at least about being free to make their own decisions as much as possible. This includes taking personal responsibility, therefore assuming the consequences (either good or bad) of their decisions”. (Centigo, 2023).

Based on what we said before, Centigo exists as a place for employees to work freely without the pressure of a ‘boss’ we know in a usual way, but still feel the need

to represent the firm which will allow it to help 'develop resilient and prosperous companies and organizations with competitive durability'- (Centigo 2023).

Thus, Centigo only works if each entrepreneur is motivated to represent themselves firstly, and therefore Centigo. The two founders have stated that Centigo exists as a place for every employee who works there to see it as their own company, 'a structure in which people think of the company as their own'. (Corporate Rebels, 2018). By having many motivated entrepreneurs who believe that this is their own company it leads to the idea that you are not going to want to see "their company" fail. The idea of personal responsibility is key to the success of Centigo and this leads then to entrepreneurs when confronted with a problem to the idea that they can communicate with the other entrepreneurs in the company and this leads each employee to being a 'full blown entrepreneur and co-owner of the company' according to Mikael (chairman of Centigo), (*Meet Centigo: A prime example of a bossless organization* (2018) *Corporate Rebels*)

To sum up, as an employer, Centigo stands for collective leadership rooted in a strong value foundation. As they say: "Responsibility helps people to grow", and the most successful companies grow through maximal distribution of personal responsibility. In contrast, if we are looking from the client's point of view through their holistic approach, Centigo is indeed helping their clients to 'develop in a resilient and prosperous way with competitive durability'. (Peter Koning, 2019)

1.4. Recommendations and advice to the CEO

These recommendations are dedicated to the purpose of Centigo. How could we improve and clarify the purpose? The official purpose is "Centigo exists to inspire and lead people to create healthy and prosperous companies and organizations. We apply this philosophy both to our clients and ourselves.". According to the course of Ms Bez, the purpose is addressed to employees, customers, and suppliers. It is defined in one or two sentences. Above all, the purpose should answer the three questions that make a good purpose according to C. Montgomery. Here, the official purpose doesn't answer "Who we are?" and "What makes us distinctive?". As we previously noted in the paragraph 1 "Who is Centigo", Centigo is a management consultancy firm and it focuses on consulting their clients by addressing business development, change management, project management and sustainability. Centigo distinguishes itself by how it treats its clients. The company prides itself for being successful and having successful clients because of the trust they have with their clients. Those information are answering the two missing questions of C. Montgomery.

Therefore, we are able now to reframe the official purpose to make it more powerful and meaningful. The idea is to keep the official purpose and to modify it by adding the information missing. Our final proposition of Centigo's purpose is the following:

“Centigo exists to inspire and lead people to create healthy and prosperous companies and organizations, exemplified through their expertise in business development, change management, project management, and sustainability consulting, while differentiating themselves through a commitment to fostering trust and success with their clients.”



2. Role of CEO (Leading)

In the second part of this management diagnosis report, we delve into the crucial role of the CEO within Centigo, focusing on leadership and its various facets, such as the resulting empowerment of employees. According to the course of Ms Bez, leadership is defined as “a process whereby an individual influences a group of individuals to achieve a common goal” (Northouse, 2010, p3). Leaders are needed to handle change through setting a direction, aligning motivating and inspiring people (Kotter, 1998).

2.1. How does Centigo lead and motivate its employees?

Centigo is following a new style of leadership. When the company was founded in 2002, ‘a new architecture for leadership’ was detected, as Peter Groon (2000) has written in his article. (‘Distributed properties: a new architecture for leadership’). It delineated a concept of ‘distributed leadership’ splitted in two ways of thinking, which are totally contrasting: at first it can be seen as a consequence of individual agency and secondly as the result of systems design and role structures (Richard Bolden, 2011). Even though these are two contrasting views, Centigo was able to combine them in their own way as we are going to explore in more detail.

As every company, Centigo is striving for growth, but in difference to most others Centigo made this motivation to their core aim. In their opinion, Centigo as a firm can only achieve its goal of maximum growth by sharing personal accountability. To reach this goal they treat every employee as an entrepreneur. Being an entrepreneur and deciding on their own gives them personal responsibility as well as the possibility to enlarge their individual growth (Centigo, 2023).

Therefore, the company does not follow the traditional leadership role, they use a system known as network-based and distributed leadership. Each employee/ entrepreneur has 3 roles within the company:

1. One is as the “Employee responsible” (in charge of dealing with all the legal responsibility)

2. One is the “Sponsor” (in charge of coaching the employees on their ambition to grow)
3. One is the “Pilot” (in charge of coaching how to navigate within the organization (for example in case there is a change in the customer team, how can they approach the issue without damaging the relationship with the employees’ current client partner?) (Corporate-Rebels, 2023).

Every employee is expected to pick either of the 3 roles for a group of 2-5 people and is only agreed once everyone is happy with the decision. This allows natural leaders to appear and to avoid just designating someone who might not have the qualities or willingness to become something they are not.

Furthermore, every single employee receives a base salary of approximately 3,000 euros, and for additional effort, they may be compensated more. Each employee is part of a business unit and at minimum a customer team. In addition, this encourages them to learn from their peers and gradually develop into full entrepreneurs and co-owners of the company through experience. This model brings transparency and motivates before the employees (Centigo, 2023).

In Theory, there exist four traditional leadership styles that are divergent in their behavior towards employees. They are shown below in the diagram. The diagram shows two axes. There is the y axis showing the degree of supportive behavior and the y axis showing the degree of the directive behavior. First, there is the (1) directive leader who is giving its team specific and accurate instructions regarding their work. Secondly, there is the (2) supportive or selling leader who is delegating work with the aim of bolstering up its employees. Another characteristic includes the sharing of decision-making with staff. Communication is one of the main tasks of the so-called (3) participating or coaching leader. This leadership style is known for its high directive and supportive behavior. At last, there is the (4) achievement-oriented leader who is setting the aims and expects high performance (Sea Bez, 2023, course: Management).

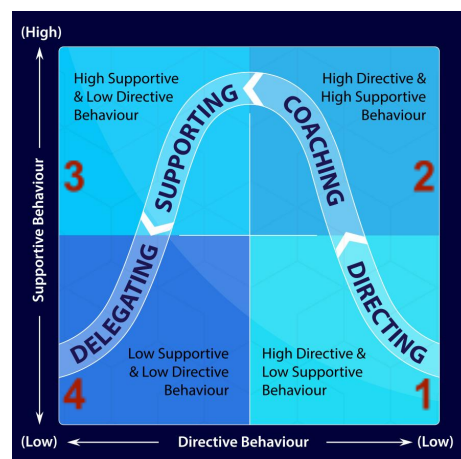


Figure n°2 : Scheme of the 4 leadership styles (Becky Leighton, 2019)

Applying the Theory of the 4 leadership styles to Centigo, it becomes apparent that different leadership styles are used there. In general, the degree of directing is very low as they offer a high autonomy to its employees through the self-managed teams. A delegating leadership is not very useful if you want to foster growth such as drive innovation, because it may happen that in delegating tasks you limit your own creativity and the team spirit (Becky Leighton, 2018). The employees at Centigo can manage themselves and there is no leader who is just directing work. Participation in the decision-making process speaks for a supportive leadership style, which is used in this firm. Additionally, the delegating leadership is also influencing the business culture. This style is used to transfer empowerment to its employees, which will be discussed in more detail below.

In having a distributed leadership with empowerment there are several positive aspects, but one has to consider that there can be also negative aspects. One employee said in the Master Thesis from Kajsa Andersson & Line Dederling (2010) “Some things go faster and others go slower. I would say major changes take longer at Centigo. As we need to find consensus” (R6). Because of the distributed leadership, there is not just one person who can decide. Instead they have to make common decisions, which are taking way more time. Another says when you want to change something it is way more difficult, because everyone has to agree with you or you have to convince them.

Regarding the top management in other companies, it consists of the so-called C-Suites, which describes the upper management positions of a company. The name ‘C-Suite’ comes from the titles of the upper executive-level manager like Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Marketing Officer (CMO), Chief Information Officer (CIO) who are responsible to ensure that a company stays on its plans and policies. They are creating the strategies and the future of a company. To be a part of the C-Suite one should possess certain skills, like communication and team leading skills. Additionally, they should bring a certain business experience. Which C-Suits exactly exist in a company depends on the sector they are in. The most common one is the Chief Executive Officer who has the highest level, is responsible for the serious decisions and whose function is to represent the firm (Market Business News, 2023).



Figure n° 3: Scheme of the C-Suite's most common executive positions
(Market Business News, n.d.)

As mentioned before, Centigo is a “bossless” organization, which means they have no managers, except the CEO who is in charge of representing the company to the external. In the Corporate-Rebels article (2018), they are saying that they have no bosses, no managers but leaders. They distance themselves from terms such as vice-president, managing director or other C-Suits. The different roles they have for its employees to choose, offers the possibility to become a leader. 

Besides the applied leadership of Centigo they also have certain motivational practices, which are important, because the success of a company is based on the work of its employees. For growth and innovation, the company has to ensure that the employees can execute their work as efficiently as possible, and therefore motivation besides leadership is an important factor which should be considered in every management position. Because of this one should think of how employees can be motivated affectively and therefore are several theories which can be applied

For the Thinkers50 Frederick Herzberg, he suggests that his Two-Factor Theory suggests that employee motivation is influenced by hygiene factors such as salary and working conditions, and by motivators like recognition and achievement. The extrinsic motivation which is influenced by the hygiene factors arises from receiving reward for a certain activity like extra money or praise (Charlotte Nickerson, 2023). 

This theory is used by Centigo to increase extrinsic motivation, which is why they are offering to its employees the special salary model. This means that everyone gets the same base salary and if they assume certain roles within the company or doing certain projects they get a top up (Corporate-Rebels, 2018).

Whereas, the intrinsic motivation is according to Daniel Pink created by the fact that employees can monitor themselves. This special kind of motivation consists of three parts (Sea Bez, 2023, course: Management).

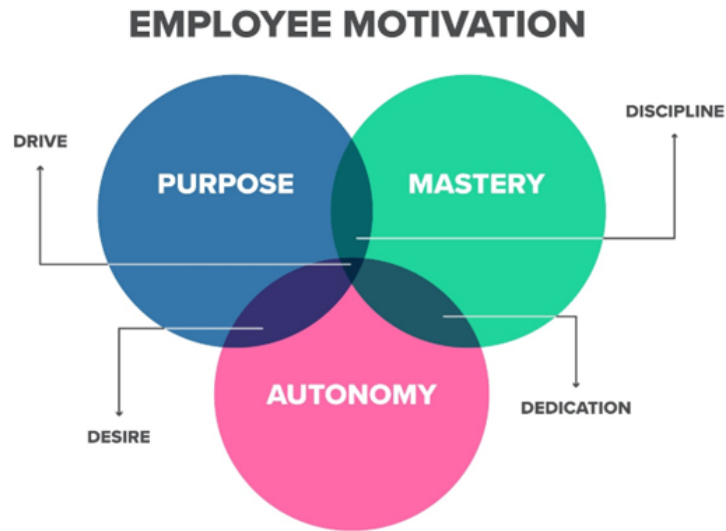


Figure n°4: Employee motivation after Daniel Pink (Gamify, 2019)



The first part is autonomy, in other terms the possibility to create their own life. One employee of Centigo said: *“When you have been part of a decision and said yes you become more motivated to do it, rather than if someone told you to do something”* (R4) (Andersson & Dederling, 2020, p.54). This quote illustrates that at Centigo they have the possibility to manage themselves and be a part of the decision-making, which are motivating factors. In getting included in this process the employee gets the feeling of involvement and therefore you are feeling responsible for this work. Therefore, the first part of the motivation is fulfilled.

The second mandatory part is the purpose which has to be communicated clearly. It helps to improve the work because the employees know what the goal is and therefore it is relevant. Centigo’s purpose, as mentioned in part one of this report, is about inspiring and leading people to create healthy and prosperous companies and organizations and the application of this philosophy to their clients and themselves. With such a purpose they are highlighting their main goals and values, such as the development of business solutions and the proximity to the clients, which makes it approachable and relatable for the employees (Centigo, 2023).

The third part of the intrinsic motivation is mastery which includes the desire and the willingness to improve themselves (Sea Bez, 2023, course: Management). The work at Centigo offers to experience different attributes of its work as Kajsa Andersson & Line Dederling (2010) are writing in their Master Thesis. They say the work is “enjoyable, challenging and developing” for the employees and this leads to another motivating factor. Nevertheless, one has to consider that this high degree of autonomy is not for everyone a motivating factor.

For Matt Johnson motivation plays an important role for the development of a company. For him, when employees are granted the autonomy to make decisions, take ownership of their tasks, and actively participate in the decision-making process, they become more intrinsically motivated. The result of which is a workforce that is not only driven by external rewards but also by a deep-rooted passion for their work. This intrinsic motivation can then have a remarkable influence on the organization's behavior in the market, leading to greater adaptability, innovation, and a deeper connection with customers and stakeholders, in harmony with the work of the Thinkers50 nominated about the market psychology theories.

Another theoretical approach of how motivation and human behavior are connected are Theory X and Theory Y, which were invented from Douglas McGregor to show how human behavior has an impact on motivation and the way work is executed. In his Theory, he differentiates two types of humans in X and Y. Theory X is about people who are unmotivated to work and they need to be monitored and supervised very closely. For reaching organizational goals, the employees have to be admonished all the time to do their work. Regarding this theory, this type of human does not drive change and does not want any responsibility (Prachi Juneja, 2023). Their motivation consists of fear, shortage of money and fear of losing the job. As a result, the manager has to behave as a supervisor, control them and direct them. (Sea Bez, 2023, course: Management). In contrast to this the behavior of type from Theory Y is completely different. These employees are motivated, able to manage themselves and they strive for responsibility. They do not have the need for permanent control and supervision. If a company is able to create a satisfied feeling for its employees, they also create a long-lasting loyalty towards the company. This means that they need management which gives them freedom to improve their skills and to develop. Compared to Theory X is Theory Y's motivation driven by the desire to develop and grow. Theory Y is more about letting employees contribute to the development of a company and to encourage them (John J. Morse and Jay W. Lorsch, n.d.). As shown in the following diagram Theory X says that the management is responsible to delegate to its employees for reaching the companies goals, whereas in Theory Y the employees are the main driving force to achieve certain goals (Prachi Juneja, 2023).

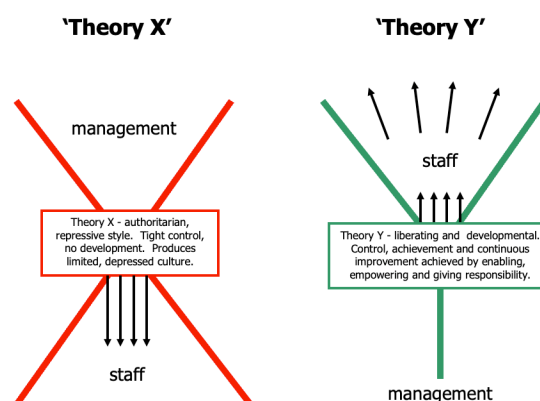


Figure n°5: Scheme of the Theory X and Theory Y (Businessballs, n.d.)

Important to mention is that the Theories just focus on either the one type of behavior or the other type and no mix of both types. It ignores the fact that you also have good and bad days at work. Regarding the theories, Centigo uses the management style for people who are rather classified in category Y than in X. As presented before, at Centigo no one has authority over another, which means they can work self-managed and they are supporting the desire to grow and develop themselves.

The operating system is based on democratic society and parliamentarism. It should be transparent for all employees. Anyone who wants to can become a joint owner (Corporate-Rebels, 2018). This type of leadership sparks the interest of many different people with their unique skills and personalities, and awakens in them the desire to be part of the company. As a result, new ideas can be gained and changes can be driven forward (Centigo, 2023).

Diverse and differently talented individuals may often clash in their opinions or approaches. To ensure that everyone is working together for the same aim, there are five strategic principles implemented as working fundamentals: The *Continuous Development* is their first principle. For lasting prosperity, it is essential to transform in unison with the world's changes that are supported by all members of the business organization. Centigo's second principle is *Responsibility*. Reversing hierarchy upside down and developing each employee is the company's greatest focus. As mentioned earlier, Centigo is convinced that the most efficient companies are created by maximizing the distribution of individual responsibility. In their third principle, Centigo strives for being a *Global Challenger*. Their vision and prerequisites open up opportunities for them to shape the future leaders and organizations worldwide. In their fourth principle, they are concerned with diversity of new and old employees as well as delivering a wide range of opportunities to strengthen their intrinsic strengths. They call it the *Greenhouse for People*. Last but not least, Centigo's fifth principle is *Growth*. Lasting profitable growth is based on creating space for the development of their associates and making a larger disparity in the world (Centigo, 2023).

All in all, Centigo's unique motivation practices follow the encouragement of an environment that leverages the unique attributes of employees and enables them to contribute to the well-being of the organization and achieve better adaptability, decision-making, innovation and performance (Centigo, 2023).

2.2. Assessment of the degree of empowerment implemented

From our exploration of Centigo's leading and motivation techniques to our next assessment of the degree of empowerment implemented, it is essential to recognize the reciprocity between leadership and empowerment. The effectiveness of the CEO's role in stimulating a culture of empowerment directly impacts the motivation and engagement of the workforce. As delving into this assessment, let's take a look at how Centigo's leadership approach translates into employee empowerment.

One of the Thinkers50 Gary Hamel is known for his work on management innovation. He advocates for empowering employees to make decisions and then contribute to the organization's success. From that, Centigo can assess the level of empowerment and autonomy it provides to its employees (Thinker 50, n.d.).

As a broad definition, empowerment can be seen as the possibility for employees to have a degree of authority and to make decisions, such as the sharing of information. One important aspect of empowerment is that it can just be implemented if all of the basic needs are fulfilled (Sea Bez, 2023, course: Management).

Speaking of which, several needs have to be satisfied in order to implement empowerment after the theory of Abraham Maslow regarding the hierarchy of needs. They include the physical needs, the safety needs and the needs of love and belonging. Physical needs mean the basic necessities for survival like air, food, sleep and clothing. The next step is constituted of the safety needs, which contain personal security, employment, resources and health. The needs of love and belonging represent the third step of the pyramid and include the desire for love and relationships. It is followed by the step of esteem which includes the status, self-esteem, recognition, strength and freedom. Finally comes self-actualization as the highest of the needs, with the desire of becoming the most that one can be. During these two last steps of the hierarchy, empowerment can be implemented. (Sea Bez, 2023, course: Management)

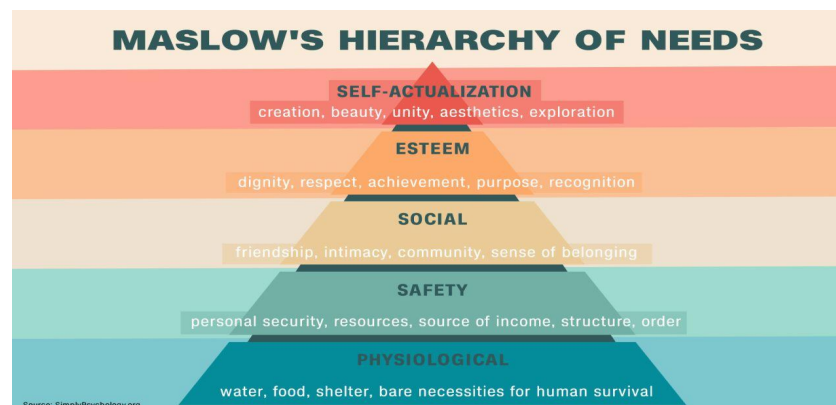


Figure n°6 : Scheme of Maslow's hierarchical pyramid of needs (AJ Willingham, 2023)

All in all, implementing empowerment can lead to positive as well as negative outcomes. In general, one can say that empowerment leads to a higher creativity and creates a bigger trust in managers. Moreover, in empowering people they are willing to take responsibility and challenges. This can drive change for the company and also the employees get the chance for self-development and can therefore create satisfaction. At this point, one has to be careful because this could be understood wrongly from the staff. The company has to take care that the perception of empowering people is not negative. This means one should be aware that in just delegating work, people can get the impression that the manager does not want to do the work itself. Besides, they should not overstrain the employees with the responsibility they get. Additionally, a company has to decide if they want to create routines for its employees or not. Implementing routines in combination with empowerment may not work as easy as just fostering creativity and new ideas. How empowerment is understood depends on several factors. Firstly, it depends on the sector in which the company operates (Allan Lee, Sara Willis, Amy Wei Tian, 2018).



As Centigo works as a consulting firm and therefore their main focus is based on their clients, it is easier to give employees responsibility and empower them in their freedom of work. It offers the possibility for everyone to work individually on every need of their clients. This is very useful because the responsible can create and develop new and creative solutions. Especially in consulting firms it is useful and welcomed to bring new ideas. The easiest solution therefore is to give autonomy and let the employees space, because everyone has another way of working.

Secondly, empowerment also has a different perception in different countries. This means that depending where the company is located empowerment could be understood differently. For instance is empowerment more common in western countries compared to eastern countries (Allan Lee, Sara Willis, Amy Wei Tian, 2018). In Sweden, where Centigo has its origin, a collaborative business culture is very widespread. It is usual to have a combination of teamwork and individual accountability, which one can see definitely in Centigos structure. The firm offers the employees the different roles they can choose and the possibility to manage themselves. Another Swedish characteristic is the equal treatment for everyone (Nicole Hull, 2022 & Centigo, 2023).

By the way, we can also reflect on the founded outcome of one of the Thinkers50 candidates Brian Wong. As he was a leading manager at the Alibaba Group (52nd employee), he had a tremendous impact on the success of this firm. During his 16-year tenure with the firm, Wong detected the concept of Love Quotient (LQ). This idea recovers that leaders need compassion and empathy in order to lead well.

When there is love or empathy involved with management, it develops better leaders and empowers staff to be their best (Group Youtube Video).

The degree of empowerment at Centigo is in general high, but probably not in a traditional sense as there is no manager to delegate work to its subordinates. Regarding the definition of empowerment, through their distributed leadership approach, they offer responsibility to its employees. However, empowerment is still showcased within the company, as every worker is open to receive input from one another regarding ideas or viewpoints, which makes sharing of information easy. Every employee gets autonomy about their own work and is involved in the decision-making process. As mentioned before, every decision is a common decision. This collective benefit as a positive outcome from empowerment presents the commitment everyone has towards the organization and that citizenship behavior of going the extra mile for the sake of the firm is interesting in order to nuance the performance of empowerment. Citizenship Behavior describes how much employees are able and ready to go beyond their normal tasks to ensure and contribute to the wellbeing of the company (The Oxford Review, n.d.). Actually, by not having a boss, employees feel empowered as they are trusted to work on their own for the sake of the organization, which gives a meaning to their job as well as an important sense of autonomy.

On the contrary, empowerment does not always mean something positive. It can also entail many negative points, and depends on the individual worker. According to some statements recorded in a Master's thesis (Kajsa Andersson & Line Dederling Lund, 2020), respondents are expressing that they feel stressed and are left alone, that they have no guidelines on how to perform tasks, and that they have no other choice than to find solutions in collaboration with other colleagues.

2.3. Recommendations and advice to the CEO

A business without a boss brings a lot of difficulties in many aspects. Actually, it can be a very hard mission to face those obstacles and generate a fundamental playground. From our point of view, there are especially 3 most critical situations which have to be handled extraordinary well in order to ensure that empowerment is successful.

Before explaining them, John Kotter's "Leading Change" model provides guidance on how CEOs can lead organizational change effectively. So we think the CEO of Centigo may find insights from the Thinkers50's eight-step model for leading change. 

Now first, making a team out of a broad diversity of talents seems like a huge project for a bossless company. Who would be able to handle all these people and their

different opinions? In this case, team building activities are undoubtedly necessary. They can help find some shared commonalities between the coworkers, which leads to a sense of solidarity. Being open-minded and respectful is fundamental for a harmonious workplace. This means that everyone has to be sensitized for common discussions, as every decision is a common decision. Everyone has to listen to each other.

Second, everything is not always positive, mistakes happen as well. What do they do in complicated situations? How do they behave? And who has to manage this? It is important to pay attention to daily challenges. Every employee should feel a sense of belonging and relevance. Openness in the workplace means that every other opinion, every conflict and every constructive criticism should be heard and considered without bias. These ingredients can be crucial for improving and strengthening the team, and creating new perspectives.

As a recommendation they should have a certain plan and process how to handle conflicts. As they are having the three different roles of 'Sponsor, Pilot and Employee responsible' they can create a fourth role which acts as a mediator if there are conflict situations.

Third, for this kind of leadership, it needs the right people. The selection of the most suitable individuals involves a great workload. On which criteria do they have to decide if someone fits the working community and the company's philosophy? Who defines it? Manuscripted templates and documents should be provided for every employee, so that everyone has a leading document about which questions have to be asked and which answers are given. Moreover, assessment center activities and welcome training could be a game changer. It would help showing how Centigo behaves and organizes itself and then identifying the best fitting people for the organization.

In summary, Centigo is managed in a lot of different ways by every employee, which brings a lot of empowerment for each one. In our opinion the lack of clear guidelines and the expectation of self-management are leading to stress and anxiety for the employees in the work space. They might fear making mistakes and this can affect their overall well-being. The stress and pressure created by the expectation of personal responsibility may not always act as a positive motivator. However, adherence to rules, ethical and moral values, as well as a vision that is ingrained in each individual are essential to run a business concept like this.

3. Organizational structure (Organizing)

In this third and pivotal section of the report, we turn our focus to the organizational structure of Centigo. We will begin by defining the unique structure that characterizes Centigo before dissecting its key building blocks, providing insights into how this innovative approach is designed and maintained. We will then conduct a comprehensive analysis of the strengths and weaknesses inherent in this structure, tackling the advantages and challenges faced by the organization. Finally, the section will culminate with a set of practical recommendations and advice to the CEO, offering strategic guidance on optimizing Centigo's organizational framework and ensuring it remains a trailblazer in the world of bossless companies.

3.1. Definition of the structure

For managing a company it is essential to define the organizational design. It is built out of 3 basic functions: structure, culture and control. In the following paragraphs we will go more in detail with respect to the former. Organizational structure can be seen as a critical function of management. First and foremost, it is important to understand the approach before analyzing Centigo's organizational structure.

“An organizational structure defines the scope of acceptable behavior within an organization, its lines of authority and accountability, and to some extent the organization's relationship with its external environment.”

(INC, 'Organizational Structure', 2023)

More specifically, the organizational structure of a company is a process that outlines how some activities are directed in order to achieve the goals of the organization. These activities can include responsibilities, rules and roles. It determines how the work efforts of individuals and teams are orchestrated and how sources are distributed. For example how the missions and tasks are distributed and integrated. Furthermore, it specifies how the communication is regulated among each other (Sea Bez, 2023, course: Management). Conclusively, one can say, organizational structure refers to reporting and working relationships, as long as they have some level of consistency. (INC, 'Organizational Structure', 2023)

By having an organizational structure, orientation is provided to all employees which define the official reporting relationships. These govern the company's workflow, facilitate the addition of new positions in the company and provide a flexible and immediately usable growth opportunities. (David Ingram, 2019)

As an introduction to how Centigo's atypical structure works, we can show one of their mottos that explains pretty well the functioning of the firm: "Bosses? No! Managers? No! Leaders? Yes!" (Corporate Rebels, 2023)

3.2. The key building blocks of an organizational structure

Basically, the organizational structure is divided into 5 Key Building Blocks in order to break down the individual core elements and to keep a more detailed record or analysis of the components: Specialization, Formalization, Centralization, Hierarchy and Coordination. Each one differentiates small-business operations from large-business operations, and depend on the different characteristics of an organization. (Sea Bez, 2023, course: Management)

In the following, we will go into more detail about these Key Building Blocks. We will discuss the different definitions and analyze Centigo in terms of these elements.

3.2.1. Specialization

The first Building Block we are going further into detail is the degree of specialization within a company. First of all, the specialization defines itself as the 'organizational element that describes the degree to which a task is divided into separate job' (Sea Bez, 2023, course: Management). And although Centigo does not follow many of the norms of business organization in regards to structure, there are a few clues about the degree of specialization within the company.

Indeed, because of the growth of the company, specialization has many benefits such as increased productivity and it also simplifies everyone's responsibilities. Each employee in Centigo is part of a Business Unit and a Customer team. Business units can consist of more than one self selected team, where the employees/entrepreneurs get to decide to join whichever team they prefer based on their specialities. The specialization seen here seems to be very beneficial as the employees are tasked to do specific tasks based on their interests, therefore hopefully having more motivation for the job at task. The customer teams then bring different employees from the various Business units to facilitate a specific project. For example when a new project is agreed this would have been identified and put in my place by the 'Client Partner role' who would then bring in the Customer team who take charge of negotiations where the Consultants, Client partners and Team leaders all facilitate the process also. It is very clear here that every Team or bodies of employees know what is expected and when their influence is needed. (Corporate Rebels, 2018)

For Centigo, the organizational structure is divided into functions with one partner formally responsible in each organizational function. The employees are employed within a formal business unit, and all consultants (who work at a client) work within a client team existing of 6 different types of positions, all with different levels of responsibility: Consultant, Business Consultant, Senior Advisor, Client Lead/Team Lead, Client Director/Business Director, Client Partner/Managing Partner. (Corporate Rebels, 2018).

Client partner role: responsible for sales and clients;

Customer team: once new project is secured Customer Team takes over;

Team Leader (coordinators): facilitate the process - negotiate the scope of work and the accompanying compensation;

Business Unit: are self-managing entities organized around an area of expertise (like, say, Retail, or Digital Transformation). They can also be organized geographically. Business Units consist of one or more self-selected teams. Employees choose the team they want to work in, based on their interests.

Customer Teams bring together employees from various Business Units (and thus areas of expertise) to deliver on a specific client project (Corporate Rebels, 2018).

In the following illustration we clearly can see the different roles and responsibility levels of Centigo's managing structure.

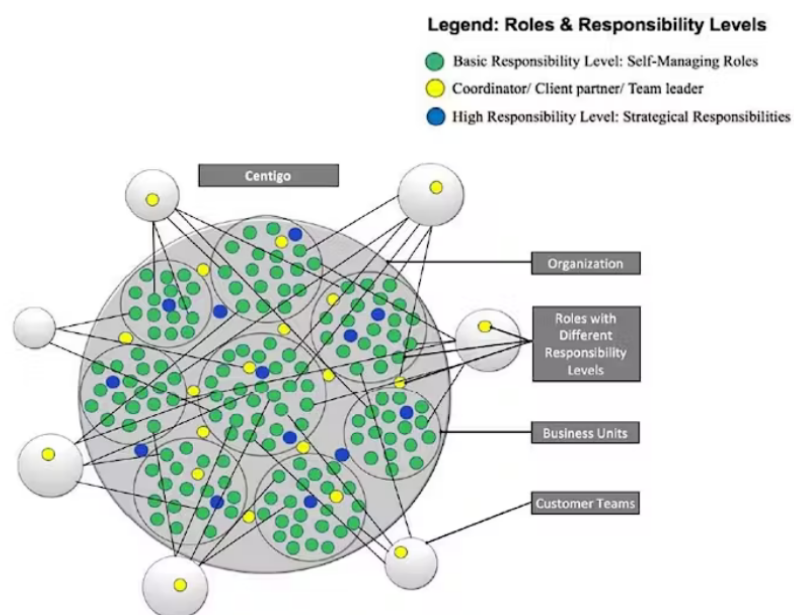


Figure n°7: Roles & Responsibility Levels (Pim de Morree, Corporate Rebels, 2018)

3.2.2. Formalization

In the second Key Building Block of organizational structure we are making a closer look at the degree of formalization. The main focus of formalization is how the jobs are structured in the company. In a formalized organization there are several rules, procedures and laws on how the work should be done by each employee. The work is separated from the employee. This means the work is organized with rules and clear instructions which are written down. The work is not influenced personally with the employee. The work and the manner of how the work should be done stays the same no matter who is executing the task. This ensures the ability for everyone to do the work.



In contrast to this the informal organization allows more individual touch of each employee. This can lead to that not everyone can do this one certain job. The role and the position in which it is located gets less important. The main aim of Formalization is the ability to have consistent and predictive results in a reliable and efficient way. However, it can limit the creativity, flexibility, such as the development and the self-realization of its employees. (Erik Devaney, 2020, hubspot.com; Sea Bez, 2023, course: Management)

Regarding Centigo, the degree of formalization is very low. The statement below significantly shows that the teams can organize themselves and there are mostly no rules. On the one hand, everyone can develop and implement their own ideas and personality, such as the purpose and vision of the company without many limited restrictions. In the case that they are working with clients - personal touch is good. On the other hand, they are confronted with tasks they may never have learned or experienced before, this can cause many different problems in the further process and decisions.

The following statement of an employee outlines exactly these two points of views, *“You have to think more when you have more responsibility, you are a little more creative, there is no prepared template. However, you have to double check that what you do is right. The process itself is more creative but there is also the stress that no one is checking if it is correct”* (R3, Kajsa Andersson & Line Dederling Lund, 2020).



3.2.3. Centralization

In the third presented building block it is all about centralization. Concerning the degree of centralization within an organization, it represents to what extent the decision-making authority is disseminated to its lower levels. Thus, the more centralized an organization is, the higher the level at which decisions are made is. So for a centralized organization, it means that all the processes and decisions are made at the executive or top level. On the other hand, a decentralized organization is one in which decisions can be made by mid-level or lower-level managers without getting top-level approval. Yet both high and low levels of centralization have their advantages and disadvantages when it comes to the proper functioning of the organization.



Firstly, it allows a fair distribution of work. Indeed, a high degree of centralization ensures that the allocation of a particular amount of work will be right and equal between different departments or between employees in charge, thereby helping to increase progress. Nor should we forget to mention that it promotes flexibility. For instance, in the case of an emergency or crisis, the standardization of tasks enabled by a high degree of centralization will simplify the adjustment of activities. This means there will be a greater level of flexibility in the organization, compared to a

decentralized organization. Furthermore, an organization regarded as centralized avoids duplication of work, as there is no need for reproduction of actions or tasks, thus eliminating the extra costs associated with excessive manpower resulting from repetitive work. Finally, a high degree of centralization within an organization offers an area of specialization in the case where a leader deals with a particular area expertly, which will provide an immediate advantage.

But an organization where everything is decided at the top does not come without risks. In the first place, it could encourage entrepreneurial dictatorship. In such a case, employees are often expected to work on the basis of what has been dictated to them, and none of them has the power to make decisions on any particular issue, even if their bosses are not present. This approach also highlights the negative aspects of an administrative system, in the sense that strict adherence to official standards or excessive regulation would impede decisions and delay work. Besides, an organization described as decentralized is also often seen as inflexible. For example, requiring staff members to obtain their bosses' approval before making a decision would promote rigidity, especially in small structures. Also, one of the major disadvantages of a low degree of centralization is the lack of communication. In the case of tight supervision, employees would not be inclined to use email to communicate with their managers, as they would be uncomfortable with the chain of command, where ideas are only shared with managers. Finally, this type of organization can limit creativity because without a system based on democracy, employees cannot share their ideas in order to improve processes. (Brandon Miller, 2016)



If we look at Centigo's situation, its degree of centralization appears to be low, as all the company's members have the status of manager, and the decision-making authority is disseminated all over the organization, not just at the top level.

As a matter of fact, Centigo's chairman confided to Corporate Rebels by saying: *"We wanted to eliminate the paradigm of employers on the one hand and employees on the other; a hierarchy where power is concentrated at the top, and where people sooner or later end up with corruption."* (Corporate Rebels, 2018)

As a consequence, all employees assume the role of a leader and take full responsibility for their decisions.

3.2.4. Hierarchy

In the following we are focusing on the fourth Key Building Block of organizational structure, the hierarchy. For the explanation, *"The organizational hierarchy is the order of members based on their authority. It refers to the ranks from beginners to senior managers or executives. Organizational hierarchies usually consist of several*

levels, and the members with more authority occupy higher positions.” (Indeed Editorial Team, 2022)

Concerning the benefits of hierarchy, clearly defined career path and promotion plan offer employees a structured path for professional growth. Also, this structure fosters department loyalty, nurturing team spirit and a sense of belonging among team members. The presence of clearly defined authority helps as well streamline decision-making processes, then reducing role ambiguity. This system encourages specialization, allowing employees to focus on their strengths and become experts in their respective fields. It also empowers individuals to freely express their ideas, develop skills, and gain more experience by taking on additional responsibilities as needed.

On the downside, implementing such a system can be costly, requiring investments in training, development, and formalizing career paths. The structured nature of this system may lead to slower action and decision-making, potentially hindering the organization's responsiveness. In some cases, an emphasis on hierarchy and defined roles can result in poor communication, limiting the flow of information across the organization. Moreover, department rivalry may emerge as competition for promotions and recognition within the established structure, leading to conflicts and reduced cooperation.

There are two types of hierarchy in an organization: the tall organization with many levels which is the more traditional and by opposition the flat organization with only few levels.

Companies move beyond traditional multi-layer hierarchies via organizational models focused on the principle of reciprocity. Some companies are organized without a formal middle management layer, called “Middle Managerless Organizations”.

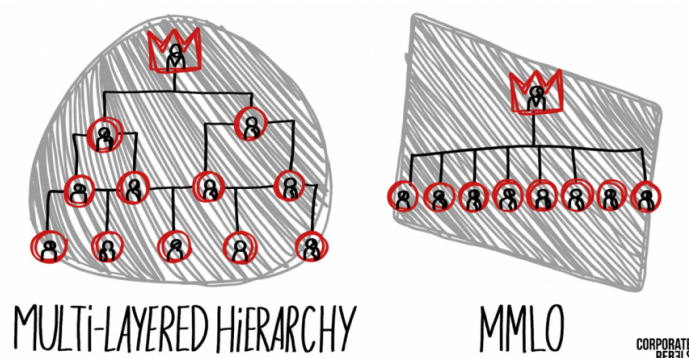


Figure n°8: Multi-layered hierarchy vs. middle managerless organizations
(Corporate Rebels, 2021)

In 2002, when setting up the company Centigo, Fredrik Palmgren (co-founder and board member) and Mikael Balkö (chairman) wanted to design an organization where everyone felt, and acted like, entrepreneurs. (Corporate Rebels, 2018)

The founders required an operating system to handle issues a management team would normally handle. The operating system had to be considered fair and transparent to all, so they used democratic society and parliamentarianism as a source of inspiration. (Corporate Rebels, 2018)

Centigo has a flat organization with a lot of employees to manage, so they must focus more on the quality of management compared to a tall organization which has many more levels of managers. In this type of hierarchy organization, employees know everything directly without having to speak with intermediaries.

What separates Centigo's more flat hierarchical business structure from other companies is that they have tried to minimize the classical control structure, and instead focus on divided responsibility. Personal responsibility is a key term here: no employee is allowed to decide over another, and all employees move up a level of responsibility by actively choosing to accept it (Centigo equal opportunities policy, 2020).

Centigo's structure has a unique aspect.

"At Centigo, you won't encounter traditional hierarchical roles like bosses, managers, or titles such as vice-president or managing director. However, it's important to clarify that the absence of these titles does not imply an absence of leadership.

A common misconception about self-managing companies is the assumption that they lack leadership entirely. This perception often overlooks the presence of natural leaders, individuals who willingly take on responsibilities and possess the ability to inspire and engage others in the pursuit of a shared goal or vision.

Just as in any community or organization, natural leaders naturally emerge within Centigo. Leadership is inherently relational, and one assumes a leadership role when others willingly follow their guidance and direction."

There are no bosses, no managers, no functional departments and no one has authority over another. So, how do they work? The organization resembles a market place and employees act like entrepreneurs in that market.

The operating system establishes an internal marketplace that facilitates interactions among individuals and groups, allowing them to exchange opportunities. This approach results in the formation of a company that operates based on principles of a free-market economy and that is a market economy in itself.

“While we’ve created a market place, we don't want a raw and capitalistic market with winners and losers depending on who are the strongest and the weakest. Instead, we want fair trade and a sense of fairness when it comes to dividing the fruits of the good business we all are part of creating”, said Frederik, the co-founder.

Here is another testimony: *“...to have this responsibility to do more than is perhaps intended. I probably fit in quite well with this more fluent responsibility where I can take as much [responsibility] as I want. I am less motivated within a hierarchical square, but when given responsibility I can make it my own thing and have the freedom to put my personal touch on things” (R1)*

3.2.5. Coordination

Finally, we have arrived at the fifth and last Key Building Block of the organizational structure 'Coordination'. The management function Coordination ensures that different departments and groups work in sync. Therefore, there is unity of action among the employees, groups, and departments. Furthermore, it brings harmony in carrying out the different tasks and activities which facilitates them to work together. Finally, this fulfills the goals of the company. and they perform to function in their respective parts in perfect synchronization. (Vedantu, views on Sept 29th, 2023)

The professor and author Henry Mintzberg (business and management McGill, Montréal) dealt intensively with the functioning and management of companies. According to his masterpiece “The Structuring of Organizations” he represents the following different Coordination Processes used in organizations:

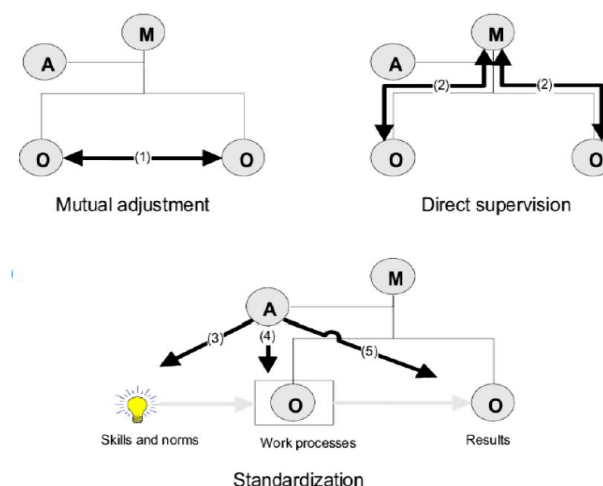


Figure n°9: Mintzberg’s coordination mechanism (Sea Bez, 2023)

Mutual adjustment (informal communication): individuals coordinate their own work, and communication between peers is the crucial activity that makes this possible. Because of the high level of cooperation, it is used equally and frequently in very small organizations as well as in simple ones;

Direct supervision: through specific orders or the supervision of work processes from one person to another. This generally means that each employee or group reports directly to a manager. One manager may have to supervise several groups, which increases the level of control;

Standardization of work processes: each work process takes a predefined way and follows a set of rules. Therefore, workers do not have to think about their activity, their task in the production line is always the same. Nowadays, these activities can very easily be taken over by machines.

Standardization of outputs/results: the focus is setting standards for work results. That means the supervisor does not ask for the how. They give any consideration to the way and the path followed to get the result.

Standardization of skills and knowledge: this ensures that all employees have the same knowledge and skills based on the same type of training and what they have learned; (examples from Sea Bez in class: hospitals and universities)

Standardization of norms: through defining norms employees have guidance for socially behaving. These rules or expectations should be socially enforced in an organization thereby everyone feels treated with respect. Norms can encourage positive behavior, e.g., "be honest" or prevent negative behavior, e.g., "don't cheat". (Oxford Bibliographies, 2018)

The coordination mechanisms used in Centigo's practices implemented within the company are on one hand mutual adjustment (informal communication) and on the other hand standardization of norms. Both processes are tangibly lived. As we have analyzed, Centigo organizes itself with a strong focus on co-creation. There is no manager who delegates the tasks. The employees decide by their own interests which project/client team they want to enjoy and bring with their expertise in knowledge. Although this type of coordination mechanism is recommended for small companies or simple ones, Centgo shows us how they manage a big organization of 280 members by using this process.

In order to make a large company function long-term in this way, it is necessary to resort to another mechanism additionally. In order to make the process work, they need standardized norms. That means the creation of deep integrated and lived values within the company and all its members are essential. By implementing them they ensured a respectful way of treating themselves mutually. Employees feel empowered, trusted, cared for, committed and have a sense of belonging to their company. They are surrounded by a lot of diverse people of talents who inspire each other. In this way they are able to develop themselves/their employees as much as possible to give their clients the most talented and best solutions/consultancy.

As Mintzberg has identified, there are five organizational configurations in the business world. He said “An organization's structure emerges from the interplay of the organization's strategy, the environmental forces it experiences and the organizational structure itself”. (Source: The Structuring of Organizations (1979)).

In the following there are the most successful organizational structures that Mintzber identifies:

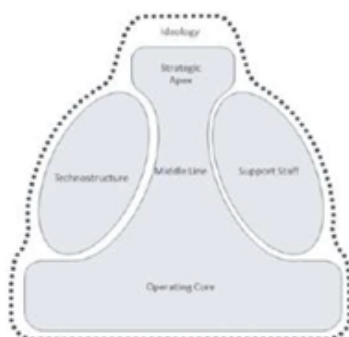
Structural Configuration	Prime Coordinating Mechanism	Key Part of Organization	Type of Decentralization
Simple structure	Direct supervision	Strategic apex	Vertical and horizontal centralization
Machine bureaucracy	Standardization of work processes	Technostructure	Limited horizontal decentralization
Professional bureaucracy	Standardization of skills	Operating core	Vertical and horizontal decentralization
Divisionalized form	Standardization of outputs	Middle line	Limited vertical decentralization
Adhocracy	Mutual adjustment	Support staff	Selective decentralization

Figure n°10 : Mintzberg's Five Organizational Structures (Sea Bez, 2023)

In light of the above mentioned, we can state that the structural configuration of Adhocracy best reflects how Centigo has defined and implemented its organizational structure. The key part of the firm is supporting each one of their individual employees, that's what counts and in the outcome they get good work and great effort.

According to the type of decentralization, the selective one is prevailing. Selective decentralization is the extent to which decision-making power is delegated to different units within the organization.

Six basic parts of the organization



1. Ideology
2. Strategic Apex
3. Operating Core
4. Middle Line
5. Technostructure
6. Support Staff

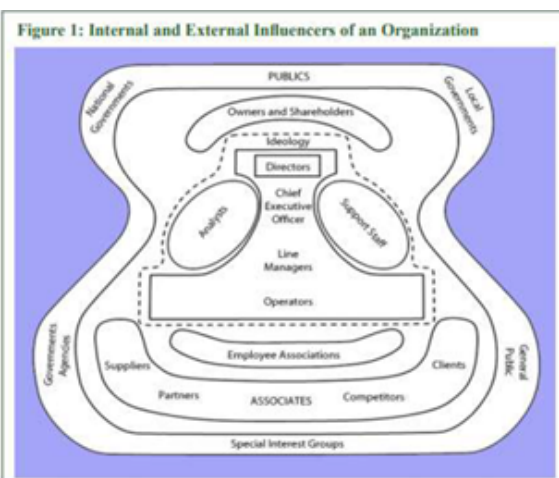


Figure n°11 : Six parts of the organization (Sea Bez, 2023)

“While the above practices and structures are central to Centigo’s way of working, one thing underlies all of this—strong core values. Professionalism, entrepreneurship and balance are these underlying factors. It became clear during our conversations that values are the foundation on which they have built this remarkable organization.”
(Corporate Rebels, 29.09.2023)

According to Mintzberg, six parts collectively form the structural components of an organization, each with distinct roles and responsibilities in the pursuit of the organization's objectives.

The ideology represents the shared values, beliefs, and culture within the organization. It defines the norms and principles that guide decision-making, behavior, and interactions among members of the organization. A strong and positive ideology can help create a cohesive organizational culture. The strategic apex represents the top management level of an organization, responsible for setting the organization's overall direction and making key strategic decisions. It includes the CEO and other top executives. The operating core encompasses the employees directly involved in producing goods or delivering services, forming the heart of the organization. These individuals perform the core tasks that align with the organization's primary mission and goals. The middle line consists of managers and departments responsible for implementing the strategic decisions made by the strategic apex. They bridge the gap between top management and the operational core, ensuring that strategies are translated into action. The technostructure refers to the analysts, specialists, and support functions that design and maintain the systems, procedures, and processes that guide the organization's work. They help standardize and regulate various activities within the organization. The support staff are the various units that provide essential services to the rest of the organization, such as HR, finance, IT, and legal departments. They offer the necessary resources and expertise to facilitate the smooth functioning of the organization.

These elements, as defined by management expert Henry Mintzberg, are interconnected and essential for effective organizational management. Mintzberg, a renowned figure in management thinking and a Thinkers50 candidate, has extensively researched organizational structures and the roles these parts play within them. His work delves into the interplay between these elements, highlighting the need for a well-balanced and adaptable organization.

Mintzberg's insights emphasize the importance of aligning these parts strategically and continually adapting them to meet the evolving needs and challenges of the business landscape, ultimately contributing to the organization's success and longevity. His research underscores the significance of understanding and optimizing these basic parts to achieve the organizational excellence that Centigo would like to attain.

3.3. Strengths and weaknesses of such a structure

First of all, the Thinkers50 W. Edwards Deming's Total Quality Management principles can be applied to assess the strengths and weaknesses of Centigo's structure, focusing on continuous improvement and customer orientation.



Regarding the benefits, Centigo's structure empowers employees, ensuring their well-being and active involvement in decision-making. This unique structure fosters a strong internal brand culture, innovation in products and services, and the cultivation of a highly skilled workforce. It also promotes the development of efficient and flexible processes, allowing the company to adapt swiftly to changing market conditions. This agility allows Centigo to respond rapidly to new opportunities.

Additionally, the absence of a formal hierarchy empowers employees at all levels to make decisions and take ownership of their work. This not only brings to them a sense of responsibility but also encourages innovation and creative problem-solving. Beyond that, Centigo's structure promotes a collaborative and open working environment. Employees are encouraged to work together across teams and departments, leading to enhanced knowledge sharing and cross-functional cooperation. It is finally important to notice that communication channels are typically shorter in flat structures like Centigo's. This actually facilitates quick and direct exchange of ideas and information, reducing the chances of miscommunication and improving overall transparency.

However, without traditional roles and reporting structures, there might be some ambiguity in terms of who is accountable for specific outcomes or decisions. This can sometimes lead to accountability issues. And in the absence of a predefined hierarchy, decision-making processes can become lengthy and inefficient. Frequently, important decisions might require consensus-building or extensive collaboration, which can slow down progress. The democratic nature of such a structure might require more time, as it involves seeking input from everyone in the organization. So in some situations, the simplicity of a single decision-maker may be more judicious, highlighting the occasional drawback of time-consuming consensus-building.

Besides, as Centigo grows, maintaining a bossless structure can become more challenging, notably because ensuring consistent culture and values across larger teams may require more effort and resources. And in some cases, a lack of a formal hierarchy can inadvertently lead to certain individuals having more influence and power than others. This potential for inequality should be closely monitored to maintain a fair working environment.

3.4. Recommendations and advice to the CEO

Here we are going to criticize the analysis made above and bring some recommendations on what to change in the structure.

Ideally, organizational structures should be shaped and implemented for the primary purpose of facilitating the achievement of organizational goals in an efficient manner. Indeed, having a suitable organizational structure in place—one that recognizes and addresses the various human and business realities of the company in question—is a prerequisite for long-term success. Nonetheless, all too often organizational structures do not contribute positively to a company's performance. This is usually because the structure was allowed to grow somewhat organically and was not redesigned as the company grew so as to more efficiently guide the behavior of individuals and groups so that they would be maximally productive, efficient, flexible, and motivated. Small business owners seeking to establish a beneficial organizational structure need to recognize that the process may be complex since this task is often left until a start-up organization has already been established. By then, a de facto structure exists and changing it will need to be done carefully so as not to alienate or frustrate key players. (INC, n.d. & Sea Bez, 2023)

But why is it difficult to change it then? The costs and the workload are two big reasons, and this changes the way of working of the employees, the power of distribution as well as the resource allocation! It makes some people unhappy and that is not easy.

Actually, Herminia Ibarra, a prominent organizational behavior and leadership expert, has emphasized during her Thinkers50 candidacy the importance of changing organizational structures. Her theory on leadership and how individuals and organizations can adapt to a rapidly changing world resides in the fact that in today's dynamic business environment, clinging to traditional structures and practices is counterproductive. She contends that organizations must be open to structural change and innovation in order to remain competitive, and encourages leaders to challenge the status quo, adopt new organizational models, and empower their employees to experiment and explore new ways of working. In essence, Ibarra underscores the significance of embracing change and adapting organizational structures to thrive in an ever-evolving business landscape.



On that, it is important to notice that resistance to change the status quo, called organizational inertia, can be a significant challenge for firms. This resistance is often more pronounced in well-established organizations that have achieved success through their existing structures and practices. In the case of Centigo, departure from the conventional hierarchy challenges this resistance by demonstrating an alternative and successful organizational model though adopting a radical approach. It is also crucial to note that firms are not immune to risk. In fact, they are at risk to fall behind especially when managers resist change and innovation by exclusively

focusing on strategies that maintain the current organizational structure. In the context of Centigo, the bossless model represents an adaptation and an innovation that are necessary for long-term success in a rapidly changing business environment.

As a matter of direct recommendations to Centigo's CEO, we therefore believe it is important to pursue a continuous improvement approach by, for example, carrying out an in-depth qualitative analysis of the current organizational structure, identifying strengths, weaknesses, opportunities and threats, following the SWOT method. It would also be interesting to ask employees at all levels for their opinion on the current structure, preferably anonymously. As well, the CEO could suggest various training and development opportunities, specifically to help employees adapt to their new roles and responsibilities.

In the end, what is the reason for changing? Just because someone was good at something does not mean that they will be good at it in the future, due to the external influences we have to go over time.

4. Control process (Controlling)

The fourth facet of P-L-O-C, organizational control, *“refers to the process by which an organization influences its subunits and members to behave in ways that lead to the attainment of organizational goals and objectives.”* (Reed Kennedy, 2020, pressbooks.lib.vt.edu / University of Minnesota, 2015) or we can also say *“Management control process is the continuous and ongoing dynamic process of monitoring performance and taking action to ensure desired results.”* (MBA Knowledge Base, 2021) 

Organizational control is important because it allows all members of the company to focus on and achieve individual goals related to their tasks. The implementation of such control systems can help companies save money and time. This can be accomplished by detailing how certain actions are to be carried out or ensuring that employees achieve certain turnover figures. In addition, unexpected situations or challenges can be better managed because there is a fixed system to refer to. In conclusion, by defining and creating an organizational control the overall productivity of the organization can be increased enormously. (Indeed Editorial Team, 2022)

From a managerial perspective, organizational control systems are able to track organizational performance, identify critical areas, and then take steps to address those problems. Usually, this process includes four stages of movement: (1) establish standards, (2) measure performance, (3) compare performance to standards, and afterwards (4) take corrective action as needed. (Reed Kennedy, 2020, pressbooks.lib.vt.edu / University of Minnesota, 2015) 

In order to be able to survey an analysis of Centigo's organizational control functions, we have used the following three main types:

(1) Output control

Output control is any measure of organizational control that focuses on things that can be directly measured, for instance the amount of turnover, the number of clients helped or how many hours of work were done. This type of control specializes in the final product or results of an action. (Indeed Editorial Team, 2022)

However, firms need to be careful because if their strategies for measuring success were to include only the individual work of each employee, it could lead to unintended consequences and cause the opposite of the desired effect. *"(...) people may not cooperate, collaborate, or help each other. They may even attempt to sabotage each other in their quest to achieve first place in sales for the period."* (Reed Kennedy, 2020, pressbooks.lib.vt.edu)

(2) Behavioral control

Behavioral control describes policies or systems that administer output control actions. Its tools may be instructions for performing specific tasks or detailed guidelines for appropriate workplace behavior, including dress codes such as Casual Friday, safety procedures for a fire warning, or attendance guidelines such as a maximum of 2 days of remote work. (Reed Kennedy, 2020, pressbooks.lib.vt.edu) (Indeed Editorial Team, 2022)

However, CEOs and leading managers have to take into account that behaviors are not only impacted by behavior control regulations. Our understanding of human behavior and interactions, as well as the external environment can influence the settled priority of a control mechanism. For instance, since a few years many companies have been influenced in their decisions by social topics like the social justice issues facing Black, Indigenous, and other People of Color. Many of them are paying more attention to ensuring enforcement of anti-discrimination and equity policies within their firms as well as making public statements to use this not only for their image but also to give importance to this issue. (N., Sam M.S., "Behavioral Control", 2013)



(3) Clan control

"Clan control is an indirect form of control that uses shared expectations, values and social norms to encourage people to work toward a company's goals. This form of control often links to company culture and helps the organization reach its goals by motivating the people who work there. Policies that may influence clan control include company retreats, group meetings and company newsletters and

opportunities for people to give suggestions about the organization.” (Indeed Editorial Team, 2022)

Based on our findings, we can say, this type of control is strongly linked to the coordinational part in the organizational structure. Mintzberg’s coordination mechanism “Standardization of norms” is about shared values and team spirit. For that reason, many companies have valuable traditions that connect their employees across generations. These ones make them feel that they belong to something special. (Reed Kennedy, 2020, pressbooks.lib.vt.edu)

4.1. The controlling functions at Centigo

At first glance, there seems to be no control mechanisms at Centigo, because there are no bosses, no managers who delegate and lead. But if we go more in depth and look at the meaning of the 3 main types of organizational control explained above, we can see that it is precisely because Centigo is bossless that it needs and has introduced all of these control mechanisms, in its own unique way.

For discussing the 3 types of control aforementioned, we are referring to some of the statements of the employees, which were discussed in the Master Thesis as we could not find other real cases in our research. (Andersson & Dederling Lund, 2020)

It emerged from the survey that underlyingly, the employees feel that if they decline a project it might come with consequences. This is not pronounced but if we have a closer look into the compensation model at Centigo, it says breaking up or not accepting a project and taking responsibilities influences not only the consultants perception of the supposedly autonomy, they are getting less money as well. Some of the respondents listed said they are willing to accept the responsibilities to receive more compensation, but others may feel they are reduced in their autonomy.

1. *“You are there and you contribute, both to create customer value and to drive and develop our organization forward. Many of our employees are engaged in developing us [Centigo], and find it fun to do so” (R2)*
2. *“As they [the organization] grow you drift away from the machinery, and become a bit more egoistic since you cannot see everyone in the organization. You kind of lose that everyone should help and so on. But most people still try to contribute to Centigo” (R1)*
3. *“It is true, there are no managers, and that also implies that you can not get forced onto any projects. There are no managers that can tell you that you have to take on projects. But on the other hand, we have a compensation model that makes you unable to say no to anything, because then you will not receive the*

compensation you want when it comes to certain roles at Centigo” (R3)

4. *“I know that if I turn down projects I make less money” (R6)*

The following statement shows what we were saying about the formalization of Centigo’s organizational structure. It also expresses that there might be no **Behavioral Control** within the company as they have no guidelines or templates telling them how to proceed in different situations. While providing employees a huge place for creativity and self-development, they are open to a broad spectrum of perspectives. It is not just black or white, they are offering their people to find their own way of doing and trusting them. This reflects their internal way of proceeding: diverse thinking and empowerment that is also shown to the external environment.

5. *“You have to think more when you have more responsibility, you are a little more creative, there is no prepared template. However, you have to double check that what you do is right. The process itself is more creative but there is also the stress that no one is checking if it is correct” (R3)*



The data surfaced that it seems to be a strong organizational identity at Centigo which mirrors the type of **Clan Control**. As Centigo employees are ‘naturally motivated high-performers’, and consequently setting the guidelines for how Centigo employees should act and behave, the sense of wanting to identify with it and a kind of prestigiousness are occurring. As a matter of fact, being a proud employee also motivates them to perform. On the contrary, we have to emphasize that sharing Centigo’s organizational values are extremely dominant within their staff. Of course, everyone is allowed to pursue their own pursuits and way of being, but not unlimited. If they are not fitting within the group, they will not be able to develop themselves as much as they want to, as they are not feeling as a part of the whole.

6. *“I think we look more like a society than a classic organization” (R7)*
7. *“We have very committed and motivated high-performing people from the beginning” (R2)*
8. *“I would also say that everyone has it in their DNA [motivation], the organization is different and I am proud to work there, which is also motivating” (R8)*
9. *“With us, I believe that you can be as you want, as long as you share our values [...]”*
10. *I think it is very hard to work here if you have other values, when that’s the case I think the collective somehow pulls away from you” (R7)*

In summary, the strong emphasis on culture and identity that we clearly see at Centigo may be why the company is able to distribute responsibility. There are no

explicit rules, but the emphasis on values creates implicit rules that organizational members follow as they try to conform to and follow organizational norms and values. On the other hand, this way also brings negativity with it. *“It is not only work tasks that risk being neglected or overlooked, but also employees.”* As outlined above, strong organizational identity and culture is truly something that has a highly positive impact on employee motivation, but we also found fragmented perceptions regarding this concept (Kajsa Andersson & Line Dederling Lund, 2020).

Psychologically safe environment by Amy Edmonson's

Now, let's look at a crucial part of how an organization does well. While strong control systems are important, they become even more interesting when connected to the idea of psychological safety. This idea, explained by Amy C. Edmondson, is about the idea that individuals can freely voice their opinions and perspectives (such as ideas, questions, concerns or mistakes) without fear of punishment. (Sea Bez, 2023, source: Management Course)

The stress and pressure in this context suggest that the considerable personal responsibility assigned isn't always a positive motivator; at times, it might even act as a demotivator. One possible explanation for this is that the stress employees experience could be disregarded by others. This oversight occurs partially because individuals are expected to manage their own tasks, but also due to imperfect coordination among team members.

Fostering growth and productivity needs a balance between psychological safety and accountability, represented by the four zones: learning, comfort, apathy, and anxiety.



Figure n°12 : *Psychologically safe environment by Amy Edmonson's*
(Jennifer O'Donohoe, Kristi Kleinschmit, 2023)

At Centigo, the comfort zone is cultivated by promoting an atmosphere of trust and open communication among employees. Team members feel secure in expressing their opinions and ideas without fear of reprisal. This zone enables employees to voice concerns, share feedback, and contribute to decision-making, fostering a

sense of belonging and safety within the organization. (O'Donohoe & Kleinschmit, 2023)

Centigo's bossless structure encourages as well a learning environment where employees are encouraged to experiment, take calculated risks, and explore new ideas. Team members have the freedom to innovate and grow, which aligns with the learning zone. There, psychological safety enables employees to ask questions, seek feedback, and collaborate without the constraints of traditional hierarchy, which at the end drives continuous improvement and innovation.(O'Donohoe & Kleinschmit, 2023)

While such an organization promotes autonomy and self-management, there is a risk of entering the apathy zone if employees become disengaged or disconnected. Psychological safety in this context is therefore essential to make sure that Centigos employees remain accountable and motivated. It encourages team members to take ownership of their roles and responsibilities, thus preventing complacency and apathy. (O'Donohoe & Kleinschmit, 2023)



Finally, the anxiety zone can arise when employees are afraid of making mistakes or are unsure about their roles as we have also detected at Centigo. Here psychological safety plays a critical role in mitigating anxiety by providing support and guidance to employees. It ensures that employees can seek help, clarify expectations, and express concerns without fear of judgment, which allows them to reduce anxiety at work and improve their overall well-being. (O'Donohoe & Kleinschmit, 2023)

To point out the psychologically safe environment at Centigo, in the following we are going to state a specific problem as documented in the Master Thesis (Kajsa Andersson & Line Dederling Lund, 2020):

The statement to one employee was: *“Yes, one could imagine that in an organization with ambitious individuals you might not want to admit it if you are stressed. “*

‘R - Exactly. And if I get to elaborate on that, no one sees when it is enough, ‘the sky’s the limit’, which can also be ambition driven. You can engage in endless [amounts of] things and there are no expectations and no one tells you that you ‘should do something’, but you always know that it is appreciated. There is never a ‘check’ that you do enough, and not that you don’t, either” (R8)

‘Implicitly, the downside of having this strong organizational identity is that the employees may feel stressed that they are never doing enough. Our findings suggest that a lack of clear guidelines combined with an organizational identity with a focus on ambition and high-performance might cause the employees to experience feelings of inadequacy, as implied by the quotation above.’ (Kajsa Andersson & Line

Dedering Lund, 2020). Furthermore, they never know if they are doing something right or wrong as there is no standardization for giving feedback or setting limits.

In our in-depth investigation of employee perspectives as part of the master's thesis, several important observations emerged that highlighted the dynamics within the organization. One notable finding was fragmentation due to the high level of autonomy granted to employees. While autonomy can empower individuals, it occasionally leads to self-interest and a focus on individual tasks, impacting responsibilities and team collaboration.

Surprisingly, the absence of traditional leadership roles did not eliminate the power dynamic, but rather exposed a clever exercise of power through organizational norms and expressed values. (Kajsa Andersson & Line Dedering Lund, 2020)

In addition, the survey brought to light a differentiated view of autonomy. While a large proportion of employees appreciated the high degree of autonomy, there was a dispersion of perceptions. The informal organizational structure sometimes hindered the smooth assignment of tasks and responsibilities, which could affect operational efficiency. In addition, the extensive autonomy granted to employees led some to adopt a self-centered mindset, which resulted in neglect not only of tasks and responsibilities, but also of colleagues. This egocentricity, in turn, posed a challenge to the overall cohesion and effectiveness of the organizational framework.

In summary, there is a complex interplay of autonomy, power dynamics, and personal responsibility within the organization. This emphasizes the need for a delicate balance to promote both individual empowerment and collaborative effectiveness. (Kajsa Andersson & Line Dedering Lund, 2020)

4.2. Recommendations and advice to the CEO

After conducting our analysis, we have found some advice for the CEO of Centigo. But first, we would like to draw attention to the insights of Amy C. Edmondson, a prominent organizational theorist whose research focuses on leadership, teamwork, and organizational learning, especially in creating psychologically safe work environments. Edmondson emphasizes the importance of control processes that foster learning, adaptability, and innovation rather than stifling them. (Sea Bez, 2023, course: Management)

So for the CEO, it is imperative to embrace control mechanisms that encourage experimentation and open communication. The bossless model thrives on trust and empowerment, which implies that control processes should be designed to support and enhance these aspects. Edmondson's work suggests that the CEO should foster a culture of psychological safety, where employees feel comfortable sharing their ideas, learning from failures, and collectively improving the organization. This entails the implementation of control processes that prioritize transparency, feedback, and

ongoing dialogue. By focusing on these aspects, the CEO can ensure that Centigo's control mechanisms align with its innovative and empowering organizational structure, fostering continuous growth and adaptability. (Thinkers50, n.d.)

4.2.1. *"The Balanced Scorecard"*

As our first advice we would recommend the CEO to implement the "The Balanced Scorecard" framework by the Thinkers50 Robert Kaplan and David Norton, published in the *Harvard Business Review* (January/February 1993), to measure and control the company's performance across various dimensions, not just financial for more balance at the work environment. "This had a simple message for managers: what you measure is what you get." (Thinkers50, n.d.)

"(...) the balanced scorecard can let them see whether improvement in one area may be achieved at the expense of another. Kaplan and Norton suggested that four elements need to be balanced:

1. *The customer perspective. Companies must ask how customers perceive them.*
2. *The internal perspective. Companies should ask what it is that they must excel at.*
3. *The innovation and learning perspective. Companies must ask whether they can continue to improve and create value.*
4. *The financial perspective. How does the company look to shareholders?"*

This shows that there is not only one type of KPI, namely the financial one, important for business success as we also have seen at several points outlined in the previous paragraphs and sections. (Thinkers50, n.d., 'Robert Kaplan & David Norton Interview')

4.2.2. *Defining controlling as a feedback loop*

This leads us to our second recommendation. As we have seen in some statements of employees they often don't know if they are doing things good or bad or if their work is enough. One first step could be to define control not only as a KPI tool of figures and client satisfaction, more helpful would be if this important part of management would be seen as a feedback loop that drives actions internally. (Sea Bez, 2023, course: Management)

There are two different types of actions. First, there is the "foreseeing action" that means setting standards and second, the "detection of errors" that means measuring actual performance relative to the expected performance and taking corrective action. For implementation there are two different approaches: the "Management by domination" and the "Management by self-control". (Sea Bez, 2023)

In regard to Centigo and its organizational structure there is a high degree of management of self-control. But, humans tend to start improving only when there is a discrepancy detected. These ones are the drivers for change and enhancement

which should be facilitated and improved for the employees. To find them out we recommend making usage of the following guidance:

1. *“Set performance standards with your employees:*
 - a. *What to do*
 - b. *Why it is an important goal to desired*
 - c. *How to reach it*
2. *Work with employees and set up specific, measurable performance standards for all the important tasks. Therefore, they need clear, simple, rational and relevant measurements, qualitative and quantitative.*
3. *Establish a monitoring system and find out how well they perform*
4. *Focus on the desired level and the discrepancy”*

(Sea Bez, 2023, course: Management)

When evaluating the individual performance, employees will perceive differently. This belongs to the elements of human behavior. There are two primary elements: the cognitive element and the affective element. The cognitive element focuses on the mental comparison between actual performance and a predetermined goal, while the affective element involves the emotional comparison between desired performance and actual performance. Both elements play a crucial role in how individuals realize and respond to their own performance. (Sea Bez, 2023, course: Management)

“The controlling function does not end by taking corrective action as it is a continuous process. After suggesting the corrective measure a feedback report is prepared”, which also refers to a standard. (MBA Knowledge Base, 2021)

What we should keep in mind when giving feedback ist that actually, it is not always about negative input or what someone can do better, it is also about giving positive input, and explaining what someone did well and should keep as a source of encouragement. (Sea Bez, 2023, source: Management Course)

From our point of view, we can say that by implementing these scheduled recurring checks within the employee appraisals as well as a good feedback standard and defining referring KPIs, the CEO can provide an even more self-developing process which not only is positive for the employee but also for the company’s success itself.

For reference, we would recommend these few KPI’s in regard to the internal feedback loop and employee development:

Employee:

- Participation rates in projects and customer teams
- Satisfaction scores (related to the tasks, appreciation, training)
- Measurement of employees well-being in terms of stress or burnout
- Achievement of individual and team performance goals
- Progress toward professional development objectives outlined in individual plans

- Successful implementation of innovative solutions
- Rates of successful implementation of new skills or knowledge

Feedback Effectiveness:

- Quality and frequency of feedback provided by Team Leader; constructive, positive and negative feedback (in terms of what they should keep and what they could improve)
- Employee perception of the usefulness of feedback for their development or projects

4.2.3. Other practical examples

As we have discussed in class, there are other companies who are doing unique control processes, which we want to present as implementing ideas for the problem.

The first example is the video streaming service provider Netflix. As a self-controlled management process it has implemented the “unlimited vacation” for every employee. The staff has to manage their vacation by themselves. This has two ways, some are working harder and feel that they have more control of their lives, BUT some may take less vacation. The reason for this is that they have to achieve a certain level of performance. If they do not achieve this, they are fired. Because there will always be someone else who can do the job more effectively and efficiently.

Our second example is the music streaming service provider Spotify. Their unique control practice is that the so-called “Chapter” members (a group of individuals with similar skills across tribes) meet regularly to discuss challenges. Led by a line manager, who is also part of a squad, they develop employees, set salaries, and engage in everyday work to better understand and lead the chapter members. Furthermore, to ensure that everybody is working in the spirit of the company, the CEO reminds them of their purpose before every meeting starts.

Conclusion

In conclusion, our management diagnosis report on Centigo reveals a unique and forward-thinking approach to organizational management. Centigo's distinctive purpose, commitment to empowerment, and novel organizational structure challenge traditional management principles and offer valuable insights for both the organization's leadership and the whole business community.

The management diagnosis of Centigo highlights both strengths and weaknesses. The strengths, such as enhanced adaptability and employee engagement, showcase the potential benefits of a bossless model. However, challenges related to coordination and decision-making require attention and improvement. Furthermore,

the control processes in place are well aligned with the decentralized structure, enabling efficient monitoring and decision-making, but to capitalize fully on the bossless approach, some improvement of these control mechanisms may be needed.

In light of our findings, we suggest for the CEO of Centigo to emphasize and nurture the empowerment culture that is at the core of the firm's success. He should continue to encourage employees to take ownership of their tasks, make decisions, and actively participate in shaping the company's future. Another advice could be to strengthen coordination by implementing effective mechanisms for communication, decision-making, and collaboration. The idea here is to consider cross-functional teams and to give clear guidelines in order to streamline processes. Moreover, the CEO has a strong interest in leveraging technology and data-driven insights so he can enhance the control processes that align with the bossless model, without forgetting to foster a sense of responsibility and accountability among employees for achieving organizational goals. Finally, we are suggesting to promote Centigo's innovative model within the global industry and collaborate with other organizations to share best practices and experiences, contributing to a broader shift in management paradigms. 

This experience actually taught us the importance of context-specific adaptability and the need for open mindedness when considering unconventional management structures. We learned that effective management is a dynamic process that evolves with time, and it serves as a strong reminder that success in the modern business landscape often requires a blend of traditional wisdom and innovative thinking, an approach we are eager to carry into our future professional roles as aspiring managers.

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