MANAGEMENT DIAGNOSIS

A Proposal by

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Abstract

This management diagnostic report examines Tony's Chocolonely, a Dutch purpose-driven chocolate company founded in 2005 with the mission to create a 100% slave-free chocolate industry. The analysis evaluates the company's management practices across four core functions: planning, leadership and motivation, organizational structure, and control systems. The report reveals a fundamental paradox at the heart of Tony's operations: while the company demonstrates exceptional ethical commitment through mechanisms such as the Mission Lock governance structure and Five Sourcing Principles, there is a significant gap between psychological empowerment and structural empowerment across its value chain. Employees and cocoa farmers experience strong connection to the company's purpose, yet lack genuine decision-making authority in shaping the policies that govern them. The analysis critically examines Tony's application of Western motivation theories to diverse cultural contexts, questions whether purpose-driven leadership reflects authentic values or strategic market positioning, and identifies risks associated with rapid growth and increasing organizational hierarchy. Key recommendations include implementing co-creation mechanisms with farmer representatives, developing structured mastery pathways for employees, systematically decentralizing operational decision-making authority, and integrating mission protection into everyday strategic processes. The report argues that to secure long-term sustainability as both an ethical pioneer and profitable global enterprise, Tony's must transition from being a benevolent leader who dictates fair terms to becoming a genuinely co-creative partner, thereby aligning its revolutionary external mission with an equally transformative internal governance structure.

data, allowing Tony's to monitor performance and identify deviations as they occur. This is an example of concurrent control, as the tool ensures ongoing compliance with sourcing and traceability standards (Tony's Chocolonely, n.d.).

Evaluating Results (Feedback Control): Tony publishes its Annual FAIR Report, which compares outcomes against the company's goals and promotes transparency. When data revealed that only 8% of global cocoa was traceable, Tony's responded by strengthening its partnerships and traceability systems (Tony's Chocolonely, 2023). This process of evaluating and adapting demonstrates strong feedback control through organizational learning and accountability.

Corrective Action and Mission Protection: In 2023, Tony's introduced the Mission Lock, a governance structure that appoints independent "Mission Guardians" who have the authority to block decisions that could compromise the company's social purpose. This mechanism functions as a form of corrective control, safeguarding long-term strategic integrity and preventing mission drift (PR Newswire, 2023).

Introduction

Tony's Chocolonely is a Dutch chocolate company founded in 2005 with a clear and ambitious mission: to make the global chocolate industry 100% slave-free. Operating in the competitive confectionery sector, Tony's produces and sells ethically sourced chocolate bars across Europe, the United States, and other international markets. The company employs over 200 people and is known for its bold branding, transparent supply chain, and commitment to fair trade principles. By combining social impact with commercial success, Tony's has built a strong reputation as a purpose-driven brand challenging industry norms.

The objective of this report is to conduct a management diagnosis of Tony's Chocolonely and propose strategic recommendations to enhance its management practices. The analysis will focus on how the company's organizational structure, leadership, planning, control and operational systems support its mission and long-term sustainability.

Tony's Chocolonely presents an especially interesting case for management analysis because it is at a critical stage of growth — expanding globally while maintaining its ethical foundations. The company's innovation-driven culture, flat organizational structure, and rapid scaling pose both opportunities and managerial challenges. Understanding how Tony's can balance its social mission with efficient management and profitability makes it a valuable case for this study.

1. Planning

1.1 Official Purpose of Tony's Chocolonely

Tony's Chocolonely (hereafter "Tony's") is a purpose-driven company founded in 2005 to create systemic change in the chocolate industry. Its official mission is:

> "Tony's Open Chain aims to end exploitation in cocoa, together."
> and its vision is.. "Tony's Open Chain aims for systemic change in the cocoa industry… a future where cocoa farmers are enabled to earn at least a living income, where children can go to school, learn and play, and where forests are protected."
> (Tony's Open Chain, 2024)

The company's overarching ambition is to "make chocolate 100% slave-free the norm" — across the global industry, not just within its own supply chain (Canvas Business Model, 2024).Tony's has operationalised this mission through five sourcing principles:

1. Using traceable beans,
2. Paying a higher price,
3. Strengthening farmers' organisations,
4. Ensuring long-term commitment, and
5. Improving quality and productivity (Global Citizen, 2024).

In its Annual FAIR Report 2022/2023, Tony's reinforced its focus on transparency, accountability, and impact measurement, aligning these principles with its broader planning framework that covers supply chain planning, financial forecasting, and stakeholder collaboration (Tony's Chocolonely, 2023).

1.2 Note to the CEO: Analysis of the Current Purpose and Planning Implications

Dear CEO,

As part of our management diagnostic review of planning practices, this section analyses how Tony's current purpose shapes its strategic, operational, and sustainability planning. Planning, as Drucker (1954) defines, is the process by which an organisation sets objectives, develops strategies, and allocates resources to achieve its mission. Effective planning ensures that purpose-driven companies like Tony's can turn ethical ambitions into structured, actionable strategies across all levels of management.

1.2.1 Analysis of Current Purpose in Relation to Planning

Tony's purpose has been instrumental in guiding its planning processes across strategic and operational dimensions. However, as with all purpose-led organisations, there are both strengths and areas for improvement.

1.2.2 Strengths

Strengths include clarity of strategic direction. Tony's mission provides a precise ethical anchor that informs strategic planning and decision-making. The company's clear stance on social justice, equity, and transparency allows for consistent alignment across long-term strategies and annual operational plans (Campbell & Yeung, 1991). Integrated impact-driven planning also exists. The FAIR Report (2023) demonstrates that Tony's integrates social impact indicators directly into planning cycles, particularly through its "5 Sourcing Principles" and "Roadmap to 100% Slave-Free Chocolate." This integration reflects a sophisticated approach to strategic impact planning, ensuring that every stage of growth remains tied to the mission.

There is also operational alignment and performance measurement. Tony's FAIR report highlights detailed operational planning through traceability systems, farmer income targets, and long-term supplier partnerships. These practices demonstrate an ability to link strategic goals with operational performance management (Tony's Chocolonely, 2023). Stakeholder-based planning is also relevant here. Tony's collaborates with cooperatives, NGOs, and competitors through its Open Chain initiative, aligning with Freeman's (1984) *Stakeholder Theory*. This inclusive approach supports broader systemic planning rather than isolated corporate action.

1.2.3 Weaknesses and Planning Gaps

Limited quantifiable milestones. While Tony's has clear intentions, its primary goal of making "100% slave-free chocolate the norm" lacks specific time-bound and measurable milestones. SMART planning principles (Drucker, 1954) suggest that objectives should be measurable and time-defined to improve monitoring and evaluation.
Broad mission risks strategic diffusion. By focusing on transforming the entire chocolate industry, the company risks spreading its strategic focus too thin. Kaplan and Norton (2008) argue that excessive mission breadth can weaken operational execution and reduce the effectiveness of performance planning systems.Need for stronger integration of environmental and financial goals. Although Tony's addresses social impact comprehensively, environmental sustainability and financial resilience appear less explicit in its core purpose. Elkington's (1997) *Triple Bottom Line* framework advocates balancing social, environmental, and economic planning for long-term viability. Internal cascading of strategic plans: While the company's mission informs external partnerships and sourcing policies, it is less visible how internal departments (e.g., marketing, logistics, HR) translate the mission into tactical plans and KPIs. Mintzberg (1994) suggests that planning should cascade coherently from corporate strategy to operational actions to ensure goal congruence.

1.3 Assessment of Current Planning Practices

Tony's planning practices reflect a hybrid model that blends purpose-driven strategy with data-informed management. The FAIR Report (2023) outlines three planning dimensions worth noting:

First is strategic planning. Tony employs long-term strategic planning to shape the chocolate industry through systems change. Its "Open Chain" partnership model exemplifies collaborative planning, using shared standards to align multiple stakeholders. This strategic openness fosters resilience and adaptability. Next, operational planning. At the operational level, Tony's demonstrates robust planning mechanisms in supply chain logistics, quality control, and fair pricing. The traceability system provides real-time data to support continuous improvement, reflecting Mintzberg's (1994) adaptive planning model.

Sustainability and Impact Planning is clearly becoming increasingly important, especially in today's society. Tony's integrates sustainability goals into its planning cycle through annual FAIR reports that evaluate farmer income, child labour prevention, and environmental impact. However, formalising these sustainability goals within a long-term strategic plan — with clear KPIs and financial projections — would enhance accountability and investor confidence.

Overall, Tony's demonstrates a proactive planning culture characterised by transparency, stakeholder collaboration, and ethical clarity. Yet, improving the measurability and time-bound structure of its purpose will make planning processes more actionable and scalable.

1.4 Recommendations for Improvement

It is essential to establish measurable, time-bound objectives. For example, define interim milestones — for example, "achieve full traceability across all supply chains by 2030." This strengthens strategic control and supports annual operational planning cycles (Drucker, 1954). It is worthwhile to prioritise initiatives within planning cycles. Sequence key objectives such as income equality, deforestation prevention, industry advocacy across short-, medium-, and long-term plans. This enhances strategic focus and resource allocation (Porter, 1996).

Incorporate environmental and financial metrics. Expand the planning framework to include carbon reduction, biodiversity, and profitability indicators. This will align Tony's with Elkington's (1997) *Triple Bottom Line* and improve integrated sustainability reporting. On top of this, strengthen internal cascading of plans:Translate the company's mission into departmental objectives and KPIs. Embedding the mission in budgeting, marketing, and HR planning will increase cohesion across management levels (Campbell & Yeung, 1991).

Finally, enhance long-term forecasting and scenario planning. Adopt scenario planning techniques to anticipate external risks (e.g., climate change, market volatility) and adapt strategies accordingly (Mintzberg, 1994).

1.5 Proposed Revised Purpose Statement

> "We exist to transform the global chocolate industry by 2030 into one that is living-income, deforestation-free, and exploitation-free — empowering farmers, protecting the planet, and creating shared value through transparent, traceable, and fair partnerships."

This statement strengthens Tony's planning framework by introducing a defined time horizon, measurable outcomes, and broader sustainability integration, while preserving the company's original ethical ambition.

Therefore, Tony's Chocolonely exemplifies a company that successfully integrates purpose with planning, leveraging transparency and stakeholder collaboration to drive systemic change. Its purpose guides both strategic and operational decisions, supported by initiatives like the Open Chain and FAIR reporting. However, refining its mission to include measurable milestones, environmental objectives, and stronger internal alignment will further professionalise its planning systems. By doing so, Tony's will reinforce its role as both an ethical pioneer and a model of effective management planning in the global food industry.

2. Leadership and Motivation

Leadership is defined as "a process whereby an individual influences a group of individuals to achieve a common goal" (Northouse, 2010). At Tony's Chocolonely, this process extends beyond traditional hierarchical boundaries to encompass the entire supply chain, from farmers in West Africa to employees in Amsterdam. However, this raises a critical question: can a single leadership model effectively motivate such culturally and economically diverse stakeholders? This section argues that while Tony's demonstrates innovative leadership practices, particularly through radical transparency, the company exhibits a troubling paradox: strong psychological empowerment coexists with weak structural empowerment, and Western motivation frameworks are applied to contexts where their validity remains unexamined.

2.1 Purpose-Driven Leadership: Strength or Strategic Necessity?

Tony's Chocolonely has built its leadership identity around an ethically compelling mission: creating a slave-free chocolate industry. The company's five sourcing principles operationalize this mission (Tony's Chocolonely, 2023, p.8-12).

This approach appears to align with Daniel Pink's (2009) theory of intrinsic motivation, which identifies purpose, autonomy, and mastery as key drivers. Tony's undeniably excels in articulating purpose: employees understand not just what they do, but why it matters. However, we must question whether this alignment is evidence of effective leadership or merely strategic positioning in an increasingly values-conscious market.

The critical distinction: Does Tony's lead with purpose, or does it lead with purpose *because purpose sells*? The company operates in a premium chocolate market where ethical branding commands higher prices. Pannekoek et al. (2023) note that Tony's created both a purpose-driven *and profitable* supply chain, the conjunction here is revealing. Purpose and profit are presented as complementary, but when they conflict, which takes precedence? The company's financial growth trajectory and premium pricing suggest that purpose-driven leadership may be less about altruism and more about competitive differentiation in a crowded market.

Moreover, Pink's framework was developed studying knowledge workers in Western contexts. Applying it uncritically to cocoa farmers facing economic precarity represents a theoretical overreach that the leadership literature has increasingly critiqued. For farmers in West Africa, where child malnutrition and poverty are prevalent, Herzberg's hygiene factors, fair wages, economic security, safe working conditions,likely precede any consideration of "purpose" or "mastery." Tony's may be projecting a Western, post-materialist motivational framework onto stakeholders for whom basic material needs remain unmet.

2.1.1 Radical Transparency: Innovation or Performance?

Tony's most distinctive leadership practice is radical transparency, openly sharing information about both successes and failures. When structural fraud was discovered in their supply chain, the company publicly reported the situation and explained corrective actions (Pannekoek et al., 2023). This transparency has been celebrated as evidence of authentic leadership.

However, a more critical reading suggests complexity. Peshawaria (2013) argues that trust is "the currency of leadership," and Tony's transparency certainly generates trust. But we must distinguish between transparency as an ethical commitment and transparency as a strategic communication tool. By controlling the narrative around their own failures, Tony's maintains authority while appearing vulnerable. This is sophisticated crisis management disguised as radical honesty.

Furthermore, radical transparency at Tony's flows in only one direction: from the company to stakeholders. There is no evidence of comparable transparency from farmers to Tony's, or from employees to management. True participative leadership, as defined by contemporary frameworks, requires multi-directional information flows and shared decision-making authority. Tony's model remains fundamentally hierarchical: the company decides what to disclose, when to disclose it, and how to frame it.

That said, the transparency practice does create a form of distributed accountability. Customers, NGOs, and civil society become external monitors, creating pressure for ethical behavior that extends beyond internal compliance. This represents a genuine innovation in stakeholder engagement, even if it falls short of transforming traditional power structures.

2.2 The Empowerment Paradox

Tony's claims to empower both employees and farmers, but a closer examination reveals a significant gap between psychological and structural empowerment. Conger and Kanungo (1988) define empowerment as delegating authority, sharing information, and involving individuals in decisions that affect them. Tony's demonstrates strong performance on information-sharing and moderate performance on involvement, but weak performance on delegating genuine authority.

Farmer Empowerment: Economic or Paternalistic?

At the farmer level, Tony's provides long-term contracts, higher payments, and support for cooperative professionalization. These interventions improve farmers' economic situations and reduce vulnerability to market volatility. From a Herzberg (Nickerson, 2025) perspective, these address hygiene factors that prevent dissatisfaction.

However, calling this "empowerment" warrants scrutiny. The five sourcing principles were designed by Tony's, not co-created with farmers. Farmers receive better economic terms, but within parameters established by a Dutch corporation. This resembles what post-colonial critics would call "benevolent paternalism"—the powerful deciding what is best for the powerless, even with good intentions.

True empowerment, according to Conger and Kanungo (1988), requires stakeholders to shape the structures that govern them, not merely operate within improved structures designed by others. There is no evidence that farmers have meaningful voice in determining pricing formulas, quality standards, or strategic priorities. They are beneficiaries of Tony's model, not architects of it.

This raises uncomfortable questions about power dynamics in "ethical" supply chains. Who defines what farmers need? Who decides what constitutes "fair" prices? Who determines which cooperatives receive support? The answers reveal that despite progressive rhetoric, traditional power asymmetries remain largely intact.

For employees in Tony's Amsterdam headquarters, empowerment manifests differently. The company culture emphasizes meaningful work, alignment with personal values, and connection to social impact (Tony's Chocolonely, 2023, p.31-37). This creates strong psychological empowerment, employees *feel* empowered and purposeful.

However, psychological empowerment differs substantially from structural empowerment. McGregor's (1960) Theory Y assumes employees are intrinsically motivated and capable of self-management, but assumption is not equivalent to delegation. There is limited evidence that Tony's employees possess genuine decision-making authority beyond their immediate functional responsibilities. The organizational structure remains conventionally hierarchical, with Choco Chiefs and functional heads maintaining traditional management control.

The empowerment at Tony's appears to be what Ouchi (1979) would call "clan control", employees internalize organizational values and self-regulate based on cultural norms rather than formal rules. This can be effective for coordination and motivation, but it should not be confused with distributed authority or democratic decision-making. Employees are empowered to work toward goals set by leadership, not to question or reshape those goals.

Moreover, the heavy emphasis on mission creates potential risks that leadership theory has identified. When employees derive meaning entirely from organizational purpose, the line between commitment and exploitation blurs. If employees work longer hours or accept lower compensation because they believe in the mission, is this empowerment or is it sophisticated manipulation? The research on purpose-driven organizations suggests that mission can substitute for other forms of compensation or recognition, potentially disadvantaging employees who lack alternative employment options.

2.3 Cross-Cultural Application of Motivation Theory

A fundamental weakness in Tony's leadership approach, and in this analysis thus far, is the uncritical application of Western motivation theories to non-Western contexts. Pink's autonomy-mastery-purpose framework, Herzberg's two-factor theory, and McGregor's Theory X/Y were all developed studying workers in individualistic, economically developed societies. Their validity in collectivist cultures facing economic precarity is questionable.

Hofstede's cultural dimensions theory suggests that motivation varies significantly across cultures, particularly along individualism-collectivism and power distance dimensions. West African farmers operate in high power distance, collectivist cultures where group harmony and respect for authority may take precedence over individual autonomy or self-actualization. Applying Pink's emphasis on individual mastery and autonomy may be not just inappropriate but potentially disruptive to existing social structures.

Furthermore, Maslow's hierarchy of needs, implicit in much motivation theory, suggests that self-actualization (which includes purpose and mastery) becomes relevant only after basic physiological and safety needs are met. For farmers earning below living income, the notion that "purpose" motivates behavior may be a luxury conception irrelevant to daily survival decisions.

Tony's leadership assumes that all stakeholders can be motivated through the shared purpose of creating a slave-free industry. But this assumes farmers conceptualize their work within Tony's narrative framework. They may instead see themselves as businesspeople making rational economic

decisions, or as community members fulfilling traditional roles, or as parents trying to feed their children. The "slave-free chocolate" framing is Tony's language, not necessarily theirs.

2.3.1 Organizational Citizenship Behavior: Evidence or Assumption?

The analysis earlier claimed that Tony's purpose-driven environment creates Organizational Citizenship Behavior (OCB), where employees voluntarily contribute beyond formal requirements (Zimmer, 2021). However, this claim lacks supporting evidence. We have no data on whether Tony's employees actually demonstrate higher OCB than employees at conventional chocolate companies, or whether the mission translates into tangible extra-role behaviors.

The assumption that purpose automatically generates OCB reflects a common bias in management literature: the belief that ethical organizations naturally produce superior outcomes. But correlation is not causation, and motivation is not equivalent to performance. Employees may feel deeply connected to Tony's mission while still performing at average levels, or they may feel pressured to demonstrate commitment through unpaid overtime, which would be exploitation, not citizenship.

Without comparative data, employee surveys, or performance metrics, claims about OCB at Tony's remain speculative. This represents a broader methodological weakness: much of the leadership analysis relies on Tony's self-reporting through the FAIR report and company communications rather than independent verification or employee testimony.

2.4 What Tony's Actually Does Well

Despite these critiques, Tony's demonstrates genuine leadership innovations worth acknowledging:

Transparency as Accountability: Even if strategic, Tony's public disclosure of supply chain challenges creates external accountability mechanisms that most companies avoid. This invites scrutiny that can drive improvement beyond what internal controls would achieve.

Long-term Orientation: The commitment to multi-year farmer contracts and the Mission Lock structure demonstrate genuine resistance to short-term profit maximization. This long-term perspective is increasingly rare and represents authentic stakeholder-oriented leadership.

Mission Protection Mechanisms: The Mission Lock and Mission Guardians create structural safeguards against mission drift that exceed standard corporate governance. This shows awareness that good intentions require institutional reinforcement.

Industry Advocacy: Through the Open Chain initiative, Tony's attempts to transform industry practices beyond its own operations. This systems-thinking approach acknowledges that individual corporate action is insufficient for systemic problems.

These practices represent meaningful departures from conventional business leadership and deserve recognition, even as we question their limitations

2.5 Recommendation

2.5.1 Implement Co-Creation Mechanisms with Farmers

Current State: Tony's provides farmers with better contracts, higher payments, and training, addressing economic and skill empowerment effectively.

Gap: Farmers remain recipients of empowerment rather than co-creators of the empowerment structure. The five sourcing principles, while beneficial, were designed by Tony's without systematic farmer input into principle formation.

Recommendation: Establish Farmer Advisory Councils or Joint Strategy Workshops where farmer representatives have genuine voice in shaping and evolving sourcing principles, quality standards, and partnership terms.

Theoretical Foundation: True empowerment involves "delegating authority and involving stakeholders in decision-making" (Conger & Kanungo, 1988). Moving from consultation to co-creation would transition farmers from empowered participants to empowered partners. This aligns with Pink's autonomy principle, giving farmers not just freedom within established parameters, but freedom to help set the parameters.

Implementation Approach: The proposed implementation strategy encompasses several interconnected elements. First, annual farmer summits should be established with elected cooperative representatives to provide structured forums for dialogue. Second, regular feedback mechanisms must be created where farmers can propose modifications to sourcing principles, ensuring their voices continuously shape operational practices. Third, shared governance structures should be developed for certain decisions, particularly regarding pricing formulas and quality bonuses, thereby institutionalizing farmer participation in key strategic areas. Finally, comprehensive documentation and communication protocols should be implemented to demonstrate how farmer input influences company policy, creating transparency and accountability in the co-creation process.

Expected Outcomes: Deeper farmer commitment, more culturally appropriate practices, enhanced legitimacy of Tony's model, and stronger competitive differentiation.

2.5.2 Develop Structured Mastery Pathways for Employees

Current State: Tony's excels at providing purpose-driven motivation, with employees strongly connected to the mission.

Gap: While purpose is robust, the mastery component of Pink's motivation framework appears underdeveloped. There's limited evidence of systematic programs for continuous learning, skill development, or career progression.

Recommendation: Implement comprehensive Mastery Development Programs including structured opportunities for skill enhancement and professional growth.

Theoretical Foundation: Pink emphasizes that autonomy, mastery, and purpose together create sustained motivation. While Tony's has strong purpose and implied autonomy, mastery requires

deliberate cultivation. Mastery involves "the desire and willingness to improve oneself" and provides the competence needed to handle empowerment effectively.

Implementation Approach: The mastery development architecture should incorporate multiple dimensions of learning and growth. Impact Academies would serve as internal training programs focused on sustainable sourcing, supply chain ethics, and social entrepreneurship, providing employees with specialized knowledge directly relevant to the organizational mission. Cross-functional skill sharing platforms would enable employees to teach each other specialized skills, fostering knowledge transfer and collaborative learning cultures. Innovation Labs should be established to provide dedicated time and resources for employees to experiment with new approaches to mission challenges, encouraging creative problem-solving and continuous improvement. Additionally, external learning opportunities through partnerships with universities or NGOs would offer advanced education in sustainability and social impact, connecting internal development with broader professional networks and knowledge ecosystems. To support these initiatives, organizations should allocate approximately 10-15% of work time specifically for skill development activities, create individual development plans that tie personal growth to mission advancement, recognize and reward mastery achievement through internal certifications or expert designations, and build communities of practice around key competencies such as supply chain transparency, farmer engagement, and impact measurement.

Expected Outcomes: Higher employee retention, increased innovation capacity, enhanced ability to scale impact, and deeper employee engagement.

3. Structure

Organizational structure can be defined as "determining how the work efforts of individuals and teams are orchestrated and how resources are distributed" (Bez, 2025). Every organization has their own structure that is adapted to suit their particular business. Factors that affect what kind of organizational structure a company has can be how tasks are distributed or how teams coordinate their work efforts (Bez, 2025).

In the following part of the text, the organizational structure of Tony's Chocolonely will be analyzed based on the five building blocks. Furthermore, areas of development of the organizational structure will be discussed through a note to the CEO.

3.1 The five building blocks

There are five building blocks which can be used to characterize a company's organizational structure. Next, these will be defined and connected to Tony's Chocolonely.

3.1.1 Specialization

Specialization can be defined as "Organizational element that describes the degree to which a task is divided into separate jobs" (Bez, 2025).

From employing around 20 people in 2013, Tony's Chocolonely expanded to approximately 75 employees by 2018 (Abu Ghazaleh, Hogenstijn & Sluiter, 2018). In response to this rapid growth, the company underwent an organizational restructuring in 2017 in order to better manage the increasing volume of operations and to ensure a sustainable work-life balance among employees. This restructuring involved a higher degree of specialization within work functions, where responsibilities and tasks became more clearly defined and distributed across departments to enhance efficiency and coordination (Abu Ghazaleh et al., 2018).

This can be summarized by noting that Tony's Chocolonely demonstrates a high degree of specialization, with clearly defined tasks and responsibilities allocated to distinct roles within the organization.

3.1.2 Formalization

One definition to formalization is "Organizational element that captures the extent to which employee behavior is steered by explicitly and codified rules and procedures" (Bez, 2025).

Tony's Chocolonely has implemented several formal mechanisms to ensure alignment with its social mission and long-term goals. One of those is *Tony's Mission Lock*. Tony's Mission Lock is a legal structure made to protect the company's social mission forever (Lamont, 2023). It gives a "golden share" to an independent foundation with Mission Guardians, who can block any changes to the company's mission. The Mission Guardians also make sure that Tony's follows its mission and sourcing principles, with the right to investigate, share concerns publicly, or take legal steps if needed. In short, Tony's Mission Lock legally protects the company's purpose and makes sure it stays mission-driven in the future (Lamont, 2023).

The introduction of Tony's Mission Lock and the work of independent Mission Guardians give legal and practical protection to make sure the company stays true to its mission and sourcing principles

(Lamont, 2023). In addition, the use of non-financial KPIs linked to the mission, together with clear HR practices such as personal development plans, peer and manager feedback, and regular employee surveys, shows an organized way of managing performance and responsibility (Lamont, 2023).

At the same time, the company culture values freedom, creativity, and an entrepreneurial mindset, allowing employees to plan their daily work in their own way (Abu Ghazaleh, Hogenstijn & Sluiter, 2018). This mix of clear structures and cultural flexibility shows that Tony's Chocolonely has a fairly high level of formalization in its governance and evaluation systems, but a lower level in daily work to support innovation and motivation (Abu Ghazaleh et al., 2018).

In conclusion, Tony's Chocolonely shows a fairly high level of formalization through clear rules, legal structures, and performance systems that protect its mission and guide employee behavior. At the same time, the company encourages freedom and creativity in daily work, keeping formalization lower in operational tasks to support innovation.

3.1.3 Centralization

Centralization can be defined as "Organizational element that refers to the degree to which decision making is concentrated at the top of the organization" (Bez, 2025). An organization can be either centralized or decentralised.

Centralization

Centralization refers to the extent to which decision-making authority is concentrated at higher levels of an organization's hierarchy. In centralized structures, important decisions are made by senior managers, and information flows vertically through the organization. This structure can improve coordination and reduce delays by avoiding lengthy negotiations between lower-level managers, but it may also limit flexibility and increase top-management workload (Joseph, Klingebiel & Wilson, 2016, pp. 1067-1068).

Decentralization

Decentralization means that decision-making authority is distributed across lower levels of the organization. Managers closer to the operations or specific products make key decisions. This allows for quicker responses, greater flexibility, and stronger ownership at lower levels, but it can also lead to coordination challenges and slower agreement across units (Joseph, Klingebiel & Wilson, 2016, pp. 1068-1069).

Centralization in Tony's Chocolonely

Tony's Chocolonely's structure shows that it's both a mission-driven company and a business that wants to grow and compete. That's why the company mixes decentralized and centralized ways of working. On the one hand, Tony's gives employees a lot of freedom and responsibility, which fits with its open and entrepreneurial culture. People are encouraged to take initiative, share ideas, and work together to make a difference. On the other hand, Tony's main mission - to make 100% slave-free chocolate the norm - is too important to risk losing focus from. Because of that, some decisions are kept centralized, with clear leadership and the Mission Lock, which makes sure that the company always stays true to its values and goals, no matter who runs it in the future (Abu Ghazaleh, Hogenstijn & Sluiter, 2018).

In short, Tony's is decentralized in daily work to encourage creativity and motivation, but centralized in its mission and strategy to protect what the company stands for. This mix helps Tony's stay flexible while keeping its purpose strong.

3.1.4 Hierarchy

One way to define hierarchy is "Organizational element that determines the formal, position-based reporting lines (who reports to whom)" (Bez, 2025). As with most aspects of organizational structure, there are different types and variations of hierarchy that are beneficial for different organizations. One way to distinguish between different types of hierarchies is by dividing them into flat and tall hierarchies.
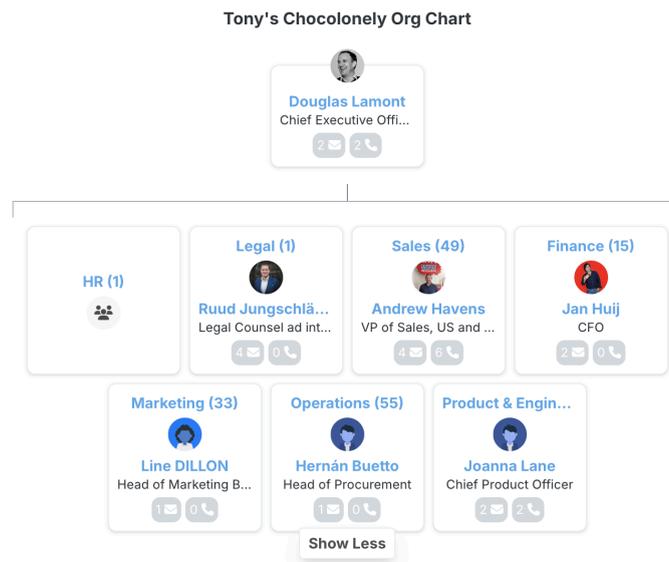
Flat hierarchy

A flat hierarchy means that there are few or no managers within the organization, and it is therefore sometimes referred to as a *bossless hierarchy* (McCaffrey, 2022, p. 1). This structure provides employees with a high degree of freedom, which can encourage creativity. When employees are allowed to choose tasks and lead projects on their own, their sense of ownership and motivation often increases. However, this structure mainly works well in small, stable, and simple organizations. In larger organizations, it can lead to problems due to a lack of coordination and difficulties in practically implementing ideas (McCaffrey, 2022, pp. 1–4).

Tall hierarchy

The opposite of a flat hierarchy is a tall hierarchy, meaning that the organization has several layers of management between top executives and employees at the bottom (Liu & Moskvina, 2016, p. 1). In this type of structure, communication mainly flows vertically rather than horizontally. Even a tall hierarchy has a natural limit to how many layers of management it can have, as too many levels make decision-making slow, reduce flexibility, and create distance between top management and employees. On the positive side, a tall hierarchy provides clear roles and responsibilities and is well suited for stable environments where order and control are prioritized (Liu & Moskvina, 2016, pp. 1-10).

Hierarchy in Tony's Chocolonely

Fig. 1. *Hierarchy of Tony's Chocolonely*
(https://rocketreach.co/tonys-chocolonely-management_b58ab46ef980d270).

As the company expanded rapidly between 2013 and 2018, Tony's Chocolonely introduced a more formal hierarchical structure in 2017 to manage the growing complexity and coordination needs (Abu Ghazaleh, Hogenstijn & Sluiter, 2018).

At the top level, the company has a relatively flat structure, as the CEO directly oversees several department heads such as HR, Finance, Sales, and Operations. However, within the larger departments, such as Operations and Sales, the structure is likely taller since these departments include many employees and therefore require additional layers of management. This combination allows the company to maintain clear leadership and coordination within departments while still encouraging open communication and flexibility at the top level. A potential drawback, however, is that communication between departments can become slower, and the CEO may face a heavy workload due to many direct reports. Therefore, Tony's Chocolonely's can be described as a combination of flat and tall hierarchy.

3.1.5 Coordination

Burton & Obel (2018) explain the relationship between structure and coordination as "Structure is to break a big purpose or problem into smaller problems and units. The result is a set of tasks that have to be performed. The coordination is managing these smaller problems, units, and tasks into a whole so that they fit together to achieve an overall purpose."

Henry Mintzberg identified six coordination mechanisms in The Structuring of Organizations (1979) and further developed them in Structure in Fives: Designing Effective Organizations (1983) (Melin & Axelsson, 2005, pp. 4-5). They are used to explain how organizations coordinate and integrate the activities of individuals and units in order to achieve common goals. Every organization needs ways to ensure that different tasks, people, and departments work together effectively, despite being specialized or separated by function, hierarchy, or geography. Therefore different coordination styles fit for different organizations (Melin & Axelsson, 2005, pp. 4-5).

Furthermore, the six different coordination mechanisms will be explained and linked to Tony's Chocolonely.

1. Mutual Adjustment

Coordination through informal communication among employees. Control lies with those performing the work (Melin & Axelsson, 2005, pp. 4-5).

At Tony's, this mechanism is highly visible and deeply rooted in its entrepreneurial culture. The company encourages open communication and trust. Frequent team activities, weekly meetings, and quarterly gatherings strengthen collaboration and shared understanding (Abu Ghazaleh, Hogenstijn & Sluiter, 2018).

2. Direct Supervision

Coordination occurs when one person takes responsibility for the work of others, issuing instructions and monitoring their actions (Melin & Axelsson, 2005, pp. 4-5).

Direct supervision is clear through Tony's leadership structure. Since 2017, roles such as *Choco Chiefs* and *Heads* have been introduced to clarify authority and improve coordination. The CEO oversees strategic direction and commercial operations, supported by a Supervisory Board and the Chiefs team. This structure allows effective oversight without limiting the company's collaborative spirit (Abu Ghazaleh, Hogenstijn & Sluiter, 2018).

3. Standardization of Work Processes

Coordination by predefining tasks and procedures to ensure uniformity (Melin & Axelsson, 2005, pp. 4-5).

Tony's relies on standardized processes to ensure ethical and transparent operations. Tools like their feedback system structure employee evaluations, while *the five Sourcing Principle*s and the *Beantracker system* ensure traceability and fair practices in the cocoa supply chain. These standardized procedures maintain consistency with Tony's mission within every part of the process (Abu Ghazaleh, Hogenstijn & Sluiter, 2018).

4. Standardization of Outputs

Coordination is achieved by defining the expected results of the work. For example, the dimensions or quality of a product (Melin & Axelsson, 2005, pp. 4-5).

Results are standardized through both financial and mission-related goals. In addition to profitability targets, Tony's also measures its social impact using non-financial KPIs connected to its mission pillars. The Mission Lock system helps protect these goals by allowing independent Mission Guardians to step in if the company moves away from its mission. This ensures transparency, accountability, and long-term commitment to its purpose (Abu Ghazaleh, Hogenstijn & Sluiter, 2018).

5. Standardization of Skills and Knowledge

Coordination takes place through specifying the type of training or education required to perform the work. Employees are often trained before joining the organization (Melin & Axelsson, 2005, pp. 4-5).

Tony's focuses on hiring and training people who share the company's mission and values. Employees have personal development plans and receive leadership coaching, while cocoa farmers are offered training and support to improve their work. This focus on skills helps build competence and a shared understanding across the entire value chain (Abu Ghazaleh, Hogenstijn & Sluiter, 2018).

6. Standardization of Norm

Coordination based on shared norms and values guiding behavior, often linked to organizational culture (Melin & Axelsson, 2005, pp. 4-5).

Tony's culture is strongly shaped by shared values. Core principles such as equality, solidarity, and fun guide daily behavior and decisions. The company's cultural pillars - *outspoken*, *willful*, *entrepreneurial*, and *makes you smile* - act as guiding norms that help everyone stay aligned with Tony's mission and purpose (Abu Ghazaleh, Hogenstijn & Sluiter, 2018.

Summary

Based on the above information it is concluded that Tony's Chocolonely uses all six coordination mechanisms, but mutual adjustment and the standardization of output and norms are the most important. The company combines informal collaboration and creativity with formal systems that protect its mission and make sure performance stays consistent. This balance between flexibility and structure helps Tony's remain both socially responsible and commercially successful.

3.2 Analysis of Tony's Chocolonely's Organizational Structure

Tony's Chocolonely's organizational structure, assessed through the five building blocks of organizational design reflects a dual focus as both a fast-growing commercial company and a purpose-driven social enterprise.

3.2.1 Strengths

Tony's combines clear structures with a strong culture. The *Mission Lock* and *Mission Guardians* safeguard the company's purpose indefinitely, while governance documents and KPIs ensure accountability (Lamont, 2023). Coordination is achieved through shared values — *outspoken, willful, entrepreneurial,* and *makes you smile* — attracting employees with intrinsic motivation. The 2017 restructuring established defined roles such as *Choco Chiefs* and *Heads*, improving specialization and efficiency. HR systems like personal development plans and feedback tools support employee growth and engagement (Abu Ghazaleh, Hogenstijn & Sluiter, 2018).

3.2.2 Weaknesses

Rapid growth and increased hierarchy risk creating bureaucracy and slower decision-making. The strong centralization of commercial power, with the CEO holding 51% of voting rights, could threaten long-term balance between profit and purpose. As the company expands, maintaining close cultural coordination becomes harder, and growing specialization risks creating functional silos.

3.2.3 Summary

Tony's Chocolonely's greatest strength lies in its legally protected mission and strong, value-driven culture. However, the main challenge is to manage growth and formalization without losing the entrepreneurial flexibility that defines the company. The structure can be seen as a hybrid — built for fast expansion but anchored by *Mission Lock*, ensuring that its mission remains at the core of all decisions.

3.3 Recommendations of improvements to the CEO

Based on the analysis above, Tony's Chocolonely's organizational structure shows strong mission protection and cultural cohesion but faces growing challenges linked to hierarchy, formalization, and centralization. In order to support sustainable growth and maintain the company's purpose-driven focus, several improvements are recommended.

First, it is important to further integrate *Tony's Mission Lock* into everyday decision-making. The company could formalize an internal process — for instance, a *Mission Impact Review* — in which all major strategic and financial decisions are evaluated against both financial and mission-related KPIs. This would strengthen the balance between profit and impact and prevent commercial priorities from overshadowing the mission.

Second, decentralization of operational decision-making should be promoted. As the organization grows, empowering *Heads* and local teams, especially in international markets, will help maintain flexibility and encourage faster, context-specific decisions. This will also sustain the entrepreneurial mindset that has been key to Tony's success.

Third, coordination across functions could be improved by creating a small internal knowledge-sharing unit responsible for connecting departments such as Impact, Sales, and Marketing. Such a team would help reduce silos, promote learning, and standardize best practices without adding unnecessary bureaucracy.

Finally, when implementing structural changes, attention should be given to organizational inertia — the natural resistance to change that arises in successful and culturally strong organizations. Adjustments should be communicated as tools to protect and reinforce the mission, not as signs of corporatization.

In summary, Tony's Chocolonely should continue developing a structure that combines mission integrity with flexibility. Embedding dual governance (impact and profit), empowering local decision-makers, and improving cross-functional coordination will strengthen both performance and the company's long-term social purpose.

4. Controlling

4.1 Defining Control

Control is a key management function that ensures an organization's actions align with its objectives. Within management theory, control involves four key stages: setting standards, measuring performance, comparing results with objectives, and taking corrective action (Daft, 2020).

There are three main types of control that occur at different points in a process:

- Feed-forward control, which establishes expectations before operations begin.
- Concurrent control, which monitors processes in real time.
- Feedback control, which evaluates results after operations to inform future improvements.

In addition to these formal mechanisms, organizations can employ bureaucratic control (based on rules and structures) or self-control and clan control (based on shared values and employee autonomy) (Ouchi, 1979). A balance between these ensures efficiency while fostering empowerment and innovation.

4.2 Control within Tony's Chocolonely

Tony's Chocolonely's management system is deeply aligned with Control Theory, ensuring that every stage of its operations supports its mission to make the chocolate industry 100% slave-free.

Establishing Standards (Feed-forward Control) : Tonys sets transparent and measurable standards through its Five Sourcing Principles: traceable beans, higher prices, stronger farmers, long-term relationships, and improved quality and productivity. These principles establish expectations and prevent potential ethical or operational issues before production begins. They serve as Tony's referent standards, clearly defining what success looks like in both social and business terms (Tony's Chocolonely, n.d.).

Monitoring Performance (Concurrent Control): The company developed BeanTracker, a digital tool that traces cocoa beans from farm to chocolate bar. This system collects real-time data, allowing Tony's to monitor performance and identify deviations as they occur. This is an example of concurrent control, as the tool ensures ongoing compliance with sourcing and traceability standards (Tony's Chocolonely, n.d.).

Evaluating Results (Feedback Control): Tony publishes its Annual FAIR Report, which compares outcomes against the company's goals and promotes transparency. When data revealed that only 8% of global cocoa was traceable, Tony's responded by strengthening its partnerships and traceability systems (Tony's Chocolonely, 2023). This process of evaluating and adapting demonstrates strong feedback control through organizational learning and accountability.

Corrective Action and Mission Protection: In 2023, Tony's introduced the Mission Lock, a governance structure that appoints independent "Mission Guardians" who have the authority to block decisions that could compromise the company's social purpose. This mechanism functions as a form of corrective control, safeguarding long-term strategic integrity and preventing mission drift (PR Newswire, 2023).

4.3 Critical Evaluation

Tony's Chocolonely has a robust and well-integrated control system that balances ethical, operational, and financial performance. However, it relies heavily on structural and procedural controls — formal rules, audits, and digital monitoring — while giving limited attention to self-control and employee empowerment. According to Ouchi's (1979) framework, overreliance on bureaucratic control can restrict adaptability and innovation. To achieve sustained growth, Tony's could complement its current approach with empowerment-based or "clan" controls that encourage autonomy and shared responsibility among employees, therefore we propose the following..

4.4 Recommendations for the CEO

While Tony's Chocolonely demonstrates best practices in ethical and operational control, there are opportunities to make its systems more balanced and participative.

1. *Implement a Balanced Scorecard*
   We recommend introducing the Balanced Scorecard framework (Kaplan & Norton, 1992) to integrate financial, operational, customer, and learning perspectives. This would ensure that while Tony's maintains its social mission, it also tracks financial performance and internal efficiency.

2. *Strengthen Internal Auditing and Data Validation*
   Although BeanTracker provides transparency, creating a dedicated internal audit team would ensure that performance data from partners (such as Barry Callebaut) is independently verified. This would strengthen reliability and reinforce accountability.

3. *Foster Self-Control and Empowerment*
   Tony's should introduce mechanisms that encourage employee self-control, such as performance ownership, peer review, and ethical leadership training. This approach would enhance motivation, innovation, and alignment with the company's mission without overrelying on formal supervision.

4. *Expand Digital Dashboards for Real-Time Insights*
   Building on BeanTracker's success, Tony's could implement real-time performance dashboards that integrate ethical, financial, and operational metrics. This would enhance responsiveness and strengthen concurrent control.

Tony's Chocolonely's control system effectively ensures alignment with its ethical mission through strong feed-forward, concurrent, and feedback mechanisms. However, introducing balanced performance tools and empowerment-based controls would enhance both operational agility and employee engagement. By combining transparency with autonomy, Tony's can preserve its social integrity while remaining competitive and innovative in the long term.

5. Conclusion

Dear CEO,

Tony's Chocolonely is not merely a successful chocolate company; it is a management paradox. Your core purpose has enabled you to build a system of unmatched integrity, protected legally by the Mission Lock (a brilliant piece of governance control). This clarity fuels strong psychological motivation among your team and drives sophisticated planning. However, the company's long-term sustainability is now threatened by a growing structural contradiction: the failure to consistently translate powerful mission-driven ideals into shared, structural power across the entire value chain.

The analysis confirms an Empowerment Paradox within the organization. While employees and farmers feel purposeful (high psychological empowerment), key decision-making authority remains highly centralized in commercial areas, backed by a growing hierarchy. This gap—between the rhetoric of shared mission and the reality of retained power—is the primary strategic risk for Tony's as you scale globally. It risks creating bureaucracy, slowing decision-making, and, critically, undermining the very authentic, entrepreneurial spirit that defines the brand.

Our central position is this: To secure Tony's future as both an ethical pioneer and a profitable global enterprise, management must proactively shift from being a benevolent leader who dictates fair terms to becoming a co-creative partner.

This requires two immediate strategic shifts that reinforce each other across the management functions:

1. **Systematically Decentralize Operational Authority:** Use your strong central governance (Controlling function) to intentionally push day-to-day decision-making power down to local teams and functional Heads, thereby maintaining the entrepreneurial flexibility needed for market agility (Structure function).
2. **Formalize Structural Empowerment:** Implement Co-Creation Mechanisms with farmer representatives and link employee mastery pathways to increased decision authority. This addresses the "Empowerment Paradox" and transforms your Leading function, ensuring that those most affected by the mission also hold a share of the power to shape it.

By matching your revolutionary external mission with a truly revolutionary and decentralized internal and supply-chain structure, you will eliminate the current paradox and reinforce your position as a truly transformative force in the global food industry.

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Figures:

Figur.1

Tony's Chocolonely Org Chart