How to structure headhunting start-ups through different growth phases

A framework and guidelines

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Hur start-ups inom headhunting bör struktureras genom olika tillväxtfaser

Ett ramverk och riktlinjer

av

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Abstract

Headhunting has an important role in employing the right people in a globalized world, and contribute to the competitiveness of growing companies. As the headhunting market grows and start-ups emerge, there is an interest in knowing how to organize headhunting firms as they grow from a start-up phase to a small company phase, limiting the risk of failing prematurely as many start-ups do today.

This report discusses the problem of building an organizational structure compatible for growth while enabling efficient knowledge transfer between projects and supporting critical success factors. The research is based on interviews with representatives from six different headhunting firms, and complemented with a literature study on the subject. The report discusses 4 main areas in order to understand how to organize a growing headhunting firm; the business dynamics of headhunting, critical success factors in different growth phases, drivers of growth between growth phases and the impact of the organizational structure on critical success factors.

The success factors leadership, culture, network and knowledge management are found to be key factors for growing successfully, and their independent roles are analyzed through three growth phases from 1-60 employees. Leadership is found to be critical in phase 1, while network is critical in phase 2, and culture and knowledge management are critical in phase 3. This affects the choice of organizational structure in each growth phase, which is discussed in terms of departmentalization, centralization and geographical dispersion. In phase 1, a centralized organization with units of roles and regional focuses is found to be optimal, located in one central office. In phase 2, a decentralized organization would be ideal, with units focusing on different regions, but also different industries or services, having local offices serving local markets. In phase 3, a decentralized organization with units of roles and regional focuses would be optimal, with one central office serving all markets. How to build the organization however depends on the drivers of growth, and the transition between the ideal organizations in each phase might not be feasible. This report therefore provides the reader with some general guidelines on how to use the framework conducted, and how to take the conclusions into account when forming a growing headhunting firm.

The authors recommend the reader to use the research in this report to deepen the understanding of what growing as a headhunting firm will imply. Further, this report hopes to catalyze the research area for how to structure a growing start-up and more specifically, how to develop firms specialized in headhunting.

**Key-words:** Headhunting, Start-ups, Organizational structure, Growth phases, Leadership, Network, Knowledge Management, Culture
Sammanfattning

Headhunting är av stor vikt för att hitta rätt kompetens i en globaliserad värld och bidra till växande företags konkurrenskraft. Marknaden för headhunting växer och innovativa start-ups har därför en möjlighet att ta plats på marknaden. Det är därför av intresse att förstå hur man bör strukturera headhunting-bolag från start-ups till små bolag för att minska risken att misslyckas tidigt likt många start-ups idag.

Denna rapport diskuterar problemet att bygga en organisationsstruktur som är kompatibel för tillväxt och samtidigt möjliggör effektiv kunskapsöverföring i en projektorganisation samt stöter kritiska framgångsfaktorer. Analysen baseras på intervjuer med sex representanter från olika headhunting-bolag och har fördjupats med en litteraturstudie på området. Rapporten utreder fyra huvudområden för att förstå hur man ska strukturera ett växande headhunting-bolag; företagsdynamik i headhunting-branschen, kritiska faktorer i olika tillväxtfaser, drivare av tillväxt genom tillväxtfaser och organisationsstrukturens påverkan på kritiska framgångsfaktorer.

Faktorerna ledarskap, kultur, nätverk och kunskapshantering har identifierats som nyckelfaktorer för framgångsrik tillväxt varpå respektive faktor analyseras genom 3 tillväxtfaser från 1-60 anställda. Ledarskap har visat sig kritiskt i fas 1, medan nätverk är kritiskt i fas 2 och kunskapshantering och kultur är kritiskt i fas 3. Detta påverkar valet av organisationsstruktur i respektive fas, vilket diskuterats i termer av centralisering, geografisk uppdelning och indelning i avdelningar. I fas 1 är en centraliserad organisation med rolluppdelning och regionalt fokus optimalt, samlad i ett gemensamt kontor. I fas 2 är å andra sidan en decentraliserad organisation med uppdelning efter regionalt fokus och fokus på industri eller tjänst optimalt, samtidigt som man har lokala kontor för att hantera lokala marknader. I fas 3 skulle den optimala strukturen istället vara en decentraliserad organisation med rolluppdelning och regionalt fokus likt fas 1, samlad i ett gemensamt kontor. Utöver detta måste valet av struktur ske med hänsyn till drivare av tillväxt, vilket gör att övergången mellan de ideala organisationsstrukturerna inte är helt genomförbar. Denna rapport ger därför läsaren riktlinjer för hur man ska använda det framtagna ramverket och ta med sig slutsatserna i denna rapport när man formar ett växande headhunting-bolag.

Författarna rekommenderar läsaren att använda resultaten i denna rapport för att fördjupa sin förståelse kring vad det innebär att växa som ett headhunting-bolag. Vidare hoppas författarna på att rapporten kan katalysera forskningsområdet för hur växande start-ups ska struktureras och mer specifikt hur företag inom headhunting kan utvecklas.

**Nyckelord:** Headhunting, Start-ups, Organisationsstruktur, Tillväxtfaser, Ledarskap, Nätverk, Kunskapshantering, Kultur
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1. Introduction

This chapter introduces the research background, the problem formulation, the purpose and aim, the research questions as well as the research’s delimitations.

1.1 Background

To recruit the right competence have for a long time been recognized as a success factor. In many industries, the employees constitute the main competitive advantage (Boston Consulting Group, 2012), making it critical to find and employ the right talent. Also, the estimated cost of recruiting the wrong person is significant, amounting to 2.5 times the annual salary of the employee (Chartered Institute of Personnel and Development, 2012).

Headhunting firms ease the process of finding the right people and aim at limiting the risk of recruiting the wrong person (Segergren, 2017). Additionally, when companies strive for diversity, headhunting can be a valuable method since it enables companies to find people outside of the regular recruitment process.

The market for headhunting has been growing (Technavio, 2016), and there is room for new businesses to compete with traditional players. Due to digitalization, it is possible to work with people from all over the world, broadening employers search for new employees. Also, as organizations aggressively work towards expanding their operations across the globe, the need for finding the right candidates outside of the regular search have increased substantially (Technavio, 2016). This opportunity makes it possible for new businesses such as start-ups to compete with more traditional headhunting firms and take ground in the industry.

The growth of new companies is vital for national competitiveness and Sweden has a strong record of successful start-ups internationally (the Telegraph, 2015). How these companies can attain successful growth is therefore a hot topic. A key to succeed is to understand how to maintain your competitive advantage while organically growing, and start-ups face a challenge to manage this by building an organizational structure that is competitive through all growth phases. For headhunting start-ups this gets complex, since they need a structure that enables efficient knowledge transfer between projects even in a larger organization (Ajmal & Koskinen, 2008). It is therefore important for headhunting start-ups to find a structure compatible for growth.
The choice of organizational structure depends heavily on the business and its success factors. It is important to structure the organization in a way that enables the success factors and is compatible for growth. Research on how to manage this can therefore support these companies to succeed and contribute to the talent supply in Sweden. This paper will investigate the area and pinpoint critical, internal factors for growing headhunting companies, reviewing different choices of structure at different growth phases.

1.2 Problematization

More than 80% of start-ups fail within the first 18 months (Wagner, 2013) and many struggle to grow to a mid-sized company (Tadokoro, 2015). A key to sustainable growth is a fit organizational structure, but they often lack sufficient guidelines for how to build the organization (Eisenmann et al., 2011). Many general frameworks describe how you can organize and how organizations typically change when they grow, but there is no research reflecting how to organize headhunting firms as they grow from a start-up to a small company.

The lack of research on this is problematic for headhunting firms, as they need a structure that enables two critical areas; knowledge transfer between projects and support of critical success factors.

First of all, knowledge transfer between projects gets problematic when headhunting firms grow. As they mature, core capabilities such as the talent network and internal know-how need to be preserved. In the same time, a flexible and project based work method is needed to offer differentiated clients help to headhunt the right talent for their needs. Due to the organic growth and geographical expansion these companies usually face, it is critical to have a structure that enables exchange of talent network and know-how between projects. As they grow this gets problematic, and they need a structure that enable teams to share learnings across projects.

Secondly, headhunting firms have to focus on success factors such as a competitive talent network, a fit leadership and a strong culture. The challenge these companies face is therefore
to build an organization that supports these success factors and project efficiency even in a larger scale.

In sum, there is a lack of guidelines on how to organize to meet the organizational needs in each growth phase and deal with the complexities of growth. Traditional ways to organize may not suit innovative start-ups and they therefore struggle to organize efficiently for growth as the number of employees increase. Headhunting start-ups could therefore gain from understanding what growth will imply for the business as discussed in this paper.

1.3 Purpose and aim

The purpose of this thesis is to investigate how headhunting firms should organize during different growth phases. The aim is to provide a framework through each growth phase to understand 1) what internal organizational factors that are critical, and 2) what organizational structure that is appropriate.

1.4 Research Questions

**MRQ:** How should headhunting firms be structured organizationally in different growth phases with respect to complexities of growth?

- **RQ1:** What are the business dynamics for headhunting firms that you need to consider when organizing?
- **RQ2:** Which internal factors are important to consider in different growth phases?
- **RQ3:** What are the key drivers of change to adapt after, in the transition between growth phases?
- **RQ4:** How are important internal factors affected by the choice of organizational structure?

1.5 Contributions to Science

By combining traditional theories on organizational structures and growth with empirical studies, this thesis will contribute with an organizational perspective on how headhunting firms should be structured through different growth phases with respect to complexities of growth. The theoretical gap this thesis aims to fill is to what level a headhunting start-up should be centralized, divided functionally and geographically dispersed, to best meet the organizational needs and deal with the organizational complexity within each growth phase.
1.6 Limitations and delimitations

This thesis has limitations and delimitations that are important to highlight in order to make the research valid and the results useful. The study focuses on how Swedish headhunting firms should be organized in different growth phases and the research will therefore be delimited to empirically observe Swedish companies in the headhunting industry and their observed growth phases. By doing this, focus will only be on objects with a high relevance to the purpose.

The limitations that follow from our chosen area of investigation concern the external conditions we cannot affect. The sample of interviews is dependent on which interviewees that are accessible and available within the Swedish headhunting industry. It is therefore a limitation that the sample is limited and that the research depends highly on these interviews. The study is also limited to a time frame of 6 months, which reduces the possible sample, as interviews will be the most time consuming factor.

To make the results as generalizable as possible, the analysis is based on a mix of both qualitative and quantitative results from interviews and literature that gives external perspectives on the issue. By weighting the results against other studies and literature, to support the findings, the validity of the research will increase.
2. Literature review

This chapter presents a theoretical background for this thesis. First, we explore the industry of headhunting and its characteristics. One the same topic we have a chapter discussing project oriented organizations, since it is a fundamental characteristic of the headhunting firm. This is followed by theories on organizational structures including aspects as departmentalization, centralization and geographical dispersion. Further, we deep dive into what it means to realize growth as a start-up, by discussing the characteristics of a start-up and theoretical frameworks for growth phases and drivers. Finally, a chapter regarding internal complexities of organizational factors and growth is conducted, presenting four areas that have been identified in the pre-study to affect the complexity of headhunting firms as they grow.

2.1 The industry of headhunting

Headhunting is a specialized recruitment service, functioning in the operations of human resource management. Recruitment has always been of high importance and the market for headhunting has grown as individual employees play a greater role for business success (Harvard Business Review, 2009). Headhunting as a niche of recruitment has traditionally been targeting senior roles such as executives and board members but also specialist roles that are hard to find in the regular recruiting manner (Khurana, 2000). In that sense, headhunting complements recruitment to enable the company to choose from candidates that would not be available through internal or passive sourcing methodologies.

2.1.1 Characteristics of headhunting firms

There are a few basic fundamentals that characterize the headhunting firm as described in the bullets below.

- **Competences**: Headhunting cannot be studied so it is taught and learned (Forbes, 2012). It builds on networking and matching skills that historically have been extremely important to find the right person for the right job. The industry therefore bases its work on know-how and is knowledge intensive in its form.

- **Project based work**: As many companies in professional services, headhunting firms work with the client in focus, building teams around the client project. The process is built on human resources, performing each step of the process independent of machinery.
2.2 Project oriented businesses

Project based work is a fundamental characteristic of the headhunting firm and thus vital to understand in order to build an organization that efficiently performs projects. In a project-oriented business, processes and people focus on work in project based forms, meaning shorter team assignments with a limited time frame and concept (Project Management Institute, 2000). In these businesses, projects and programs are perceived as temporary organizations for the performance of complex processes, conducted for external clients.

2.2.1 Project oriented organizations

Project oriented organizations (POO) hold a so-called project portfolio, meaning they perform a number of different projects simultaneously (Project Management Institute, 2000). The more projects a company perform, the more complex it gets.

POOs have dynamic contexts and boundaries. Both the size and number of projects change constantly, with permanent and temporary employed resources. Under these settings, strategic alliances and relationships over projects and programs are formed (University of Economics and Business Administration, 2001). An effect of this is that the development of the organization and its functions are highly affected by the corporate culture. This requires the organizational structure to have sufficient management processes and methods to handle program management and management of the project portfolio.

The more differentiated the company is in its types of projects, the more complex its management gets. To support single projects as well as ensure compliance with the overall strategy, integrative structures, expert pools for competence and a project portfolio steering committee are argued to be required.
The key dimensions of what complexity POO brings can be summarized as strategy, structure and culture, which are illustrated in the exhibit below, Figure 1.

![Figure 1. Complexities of the project oriented organization](image)

For POOs, projects are considered tools to perform complex processes, but also a strategic option for the organizational design of the company. Two examples of objectives when organizing around projects are goal orientation and organizational learning by projects.

To manage the cultural complexities, the “New Management Paradigm” is said to be required in a POO as shown in the figure, which compared to traditional management approach include concepts as

- Consideration of organization as a competitive advantage
- Continuous and discontinuous organizational change
- Customer-orientation

The above dimensions, as well as the objectives behind the POO, are needed to consider when building a competitive project oriented company such as headhunting firm.

### 2.3 Organizational structure

The organizational structure works as a skeleton for the organization to clarify roles, functions, scope of authority and lines of communication to ensure that the organization delivers value to the customer (Montana et al, 1993). This is stated similarly by Bloisi et al. (2007) who define organizational structure as “A grouping of people and tasks into different units to boost coordination of communication, decisions, and actions”.
According to Mintzberg (1991) there is not a specific structure that can be ranked as the best one, but factors such as direction, efficiency, proficiency, concentration, innovation, cooperation and competition do usually pull to provide the organization with a structure. An organizational design that does not fit with the purpose and work approach of the organization can result in a confusion of roles and mandates, lack of coordination, slow decision-making and overall unnecessary stress, conflicts and complexity (Harvard Business Review, 2011).

When forming the organizational structure, you make several decisions that affect the structure as a whole. There are many different models for organizational structures, but what they all have in common is that they have varying levels of departmentalization, centralization and geographical dispersion. These three aspects are therefore chosen to characterize how you can vary the structure, and are further introduced below.

2.3.1 Departmentalization

Grouping the organization’s activities into manageable units or departments is called departmentalization, and is done to effectively achieve the objectives of the organization (Lussier, 2009). The organization can be divided in many different ways, for example by function, geography, product, customer or process, which varies from organization to organization (Kurtz et al., 2009). Based on the pre-study and focus on headhunting firms, this report will consider the following main ways to divide the organization; by roles, services, regional focus or industry.

Roles

By grouping the organization based on essential functions or roles the organization can achieve increased efficiency from uniting people with similar skills, knowledge and orientation (Montana et al., 1993). Within headhunting this could imply a division between roles such as recruiters and researchers. This can increase the coordination within the area of specialization but might risk poor communication across different departments as well as a limited view of the organizational goals.
Services

When coordinating tasks around products or services, each team can get closer to their customers (Montana et al., 1993). This can however result in duplication of functions and put the service’s goals in front of the company’s goals (Robbins, 2015). For the headhunting industry, working groups can be formed around a service such as board member search or interim search to enable specialization around each service and its specific network.

Regional focus

Units of regional focus can be beneficial when organizations are spread geographically or serve differentiated markets (Robbins, 2015). All employees focus on serving a specific market even if everyone can be located in the same office, building teams with competence specific for that market. This can serve unique geographical markets better since it enables the development of expertise specific to the political, social, and cultural needs of the region (Montana et al., 1993).

Industry

By dividing the organization on the basis of industries, specific industry and market related problems and needs can best be met. Employees are grouped based on their specialist industry knowledge, skills and backgrounds (University of Minnesota, 2015). Thereby, unique industry problems and trends can be served consciously; even if might lead to a duplication of several roles. In the case for headhunting firms, this would mean that you divide the groups into the industries you headhunt to, for example finance or telecom industries (Robbins, 2015).

2.3.2 Centralization

To what degree decision making takes place at upper levels of the organization is defined as centralization (Mahida, 2002). Within a centralized organization, top managers make key decisions with little input from below. This means that employees have limited authority to carry something out without approval from the top. Organizations that are centralized are known to have a decreased span of control, where a smaller number of employees report to a manager, who then reports to the next manager in line. There are several positive aspects to a centralized organization such as an assured uniformity and consistency within the decision making since the organization-wide vision, goals and knowledge are aggregated at the top.
Decentralization on the other hand seeks to eliminate unnecessary levels of management and to let employees have more authority which in turn increases the span of control, as it often leads to fewer managers (Harvard Business School, 2004). Decentralization has positive aspects such as a greater encouragement of creativity and flexibility as it accommodates individualization, an important aspect in some industries. It also empowers on the spot decision-making and helps distributing responsibility for decisions.

Within project-oriented organizations, centralized roles would imply that you belong to your central unit, being temporarily employed to certain projects. Project leaders are responsible for delivering project performance, but have to get resources assigned from central units when necessary. The central managers own the resources and have the mandate to allocate them to projects, and a project leader could therefore work with a mix of researchers at different times of the project. In a decentralized organization on the other hand, everyone would belong to a team, and the project leader has the mandate to control those resources. What impact different organizational structures have on POOs are more thoroughly discussed under *Influence of organizational structures on projects*.

### 2.3.3 Geographical dispersion

In a growing global competitive landscape, distributed teams and networks are becoming more common (Mohrman et al., 1998). Geographical dispersion means that you have several local offices to serve local markets, instead of one central office serving them all. To be competitive in unique markets it is of increasing importance to be close to the needed resources, responsive to local customers and understand the wants and needs of each region or market. To geographically disperse an organization might however pose some difficulties as it creates barriers for collaboration and sharing between geographically split offices. Compared to having one central office, it can be hard to unite and build a common ground in one social environment and culture (Fong Boh et al., 2007).
2.3.4 Importance of organizational structure for project-oriented start-ups

Influence of organizational structures on projects

All organizational structures have their significant pros and cons for the project-oriented organization. Three common structures that differ in terms of centralization and departmentalization are the functional organization, the projectized organization and the matrix organization (Jurgens-Kuwal, 2015). The functional organization is more centralized in its form than the projectized organization that moves mandates to the project organization. The matrix organization on the other hand isn’t clearly defined in terms of centralization. Instead, it’s characterized by strong departmentalization, dividing employees by units and forming teams thereafter. How factors such as responsibility, client needs, coordination and communication, motivation, holistic approach as well as use of resources differ between the three structures are illustrated in Table 1 below (Smith, 2014).

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Functional organization</th>
<th>Projectized organization</th>
<th>Matrix organization</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Clear line of authority,</td>
<td>The project manager is fully responsible and authorized for the project</td>
<td>Unclear line of responsibility between functional managers and project managers</td>
</tr>
<tr>
<td></td>
<td>but no accountability over completed projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client needs</td>
<td>The client is not in the center of activities and attention</td>
<td>Client is in center for each project</td>
<td>The client is in center, and several projects can be conducted simultaneously</td>
</tr>
<tr>
<td>Coordination and communication</td>
<td>Low coordination across functions</td>
<td>Communication lines are shortened since the whole functional structure is bypassed</td>
<td>Communication lines are shortened since the whole functional structure is bypassed</td>
</tr>
<tr>
<td>Motivation of employees</td>
<td>Risk of work delays</td>
<td>No long term goal, since teams often break up and dispense after completed projects</td>
<td>Team members are not worried about their destiny after finishing a project</td>
</tr>
<tr>
<td>Holistic approach</td>
<td>Lack of a big picture view</td>
<td>Holistic view of each project, but only short term</td>
<td>Long term holistic view</td>
</tr>
<tr>
<td>Use of resources</td>
<td>Flexible resource assignment</td>
<td>Not optional use of resources, might duplicate in different projects</td>
<td>Better use of resources, since they may be used simultaneously on several projects</td>
</tr>
</tbody>
</table>

Table 1. How different organizational structures affect the project oriented organization
When choosing the level of centralization and departmentalization, consequences on the POO need to be considered similarly to the exhibit above. This will be further assessed as the level of centralization and departmentalization are discussed in 4.4 Choice of organizational structure.

Importance of organizational structures within start-ups

The organizational structure can simplify the work of an organization, but if it is not in line with the purpose of the enterprise it may obstruct the efficiency. How important the organizational structure is can vary from company to company, but according to Deloitte (2016), an average of 91% of companies asked stated that the organizational design was important or very important.

According to Forbes (2013) it is important for start-ups to consider the current and future structure of their organization early on. Having a long-term structure might be more common in larger organizations, but start-ups could also benefit from having a proactive approach to the company’s structure. By outlining a long-term organizational structure, future positions and needs will be thought through early, which will help build the company. It will also help leaders identify important skills and knowledge for future employees. When employees later will be hired to fill those needs it will also generate clear responsibilities and roles.

It has also been proven that high-growth oriented entrepreneurs are found to have more structured organizations (Gundry & Welsch, 2001), which can endorse the correlation between organizational structure and growth.

2.4 Realizing growth as a start-up

Start-ups, similar to any organization, can either have organizational growth by an increase in number of employees, or business growth by an increase in sales and/or profits (Thorén, 2004). In this thesis we will primarily refer to organizational growth when we state the term growth, since an increase in number of employees affect the organizational structure. Business growth and organizational growth is however often correlated, where organizational growth can be both an enabler or a consequence of business growth (Covin & Slevin 1997).
To successfully grow, it is important to understand what phases of growth each organization might go through, to be prepared organizationally for both evolution and change. What is characteristic to different growth phases is therefore discussed in 2.4.2 *Growth phases when evolving from a start-up.*

Two theoretical models on development of growth are presented in the following sections to understand what growth will imply for a start-up. The first model describes the stages of evolution and revolution a company will go through when growing, presented in 2.4.3 *Evolution through growth phases.* These stages resemble each growth phase of a company. The second model describes the development from growth aspirations to realised growth, as presented in 2.4.4 *Complexities driving development.* This development portrays the complexities of growth to understand what drives the transition between growth phases.

### 2.4.1 Characteristics of a start-up

There is no established global definition of start-ups, but earlier researchers have used variables such as age, size, stage of development and industry to distinguish start-ups from other types of companies (Luger & Koo, 2005, Freeman & Engel, 2007, Landström, 2007, Stanworth & Curran, 1976). Below are a few mentioned characteristics.

- **Age:** Luger and Koo (2005) define start-ups from three, closely correlated, criteria; that a start-up should be new, active and independent.
- **Size:** The European Union have scales where they grade companies based on their size, but do not have a clear definition for start-ups. However, based on their grades, start-ups should reasonably be classified in the category “small companies”. This defines companies with up to 50 employees and under 10 million euros in turnover (European Commission, 2016).
- **Stage of development:** Growth is an important factor to help distinguish small companies from start-ups, since the latter is in a start-up phase (Stanworth & Curran, 1976). Calopa et al. (2014) also describe start-ups as newly founded companies or entrepreneurial businesses that are in an expanding phase.
- **Industry:** Start-ups are characterized to mostly act within industries that are fast changing and depend on immaterial assets (Landström, 2007)
In this paper, the definition of a start-up will not be strictly tied to any of these factors. Instead, growth phases are defined to cover the development a small business goes through when growing from being a start-up. Therefore, as can be seen under 2.4.2 Growth phases to evolve from a start-up, we define a start-up by its number of employees. More specifically, a start-up is defined as a new company with up to 10 employees in this paper, unlike a small company that is defined as a company with 31-60 employees in this paper.

2.4.2 Growth phases when evolving from a start-up

There are many theories discussing what growth phases organizations go through and what aspects that characterizes them. It is difficult to categorize problems and growth patterns of small businesses in a way that is useful since they are categorized by independence of actions, differing organizational structures and varied management styles (HBR, 1983). Illustrated in Table 2 is a comparison of six different theories on development through growth. The theories have been plotted in five growth stages to compare what define each stage of growth. As can be seen in the table, there are several ways to define the phases of growth, for example number of employees, characteristics of the business and structure.

<table>
<thead>
<tr>
<th>Models</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
<th>Stage 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steinmetz (1969)</td>
<td>Direct supervision (1-30 empl.)</td>
<td>Supervised supervisor (30-300 empl.)</td>
<td>Indirect control (300-750 empl.)</td>
<td>Divisional organization (&lt;750 empl.)</td>
<td></td>
</tr>
<tr>
<td>Greinet (1972)</td>
<td>Creativity</td>
<td>Direction</td>
<td>Delegation</td>
<td>Co-ordination</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Churchill and Lewis (1983)</td>
<td>Direct supervision</td>
<td>Supervised supervision</td>
<td>Functional</td>
<td>Divisional (decentralized)</td>
<td>Line and staff (decentralized)</td>
</tr>
<tr>
<td>Scott and Bruce (1987)</td>
<td>Unstructured</td>
<td>Simple</td>
<td>Functional (centralized)</td>
<td>Functional (decentralized)</td>
<td>Decentralized</td>
</tr>
</tbody>
</table>

Table 2. Comparison of theories on development through growth
By looking at Churchill & Lewis (1983), we can see a focus on what type of leadership is typical for each stage, compared to Galbraith (1982), who define the stages by the organizational size and structure. These two theories combined is similar to the one of Steinmetz (1969), that touch upon both structural and leader-related characteristics. Scott & Bruce (1987) also have some similarities to Galbraith, defining stages by structural characteristics. Greiner (1972), on the other hand focus more on what type of activities that are important in each growth phase. Finally, Hofer & Charan (1984) sticks out from the others, by merely having two steps in their theory.

2.4.3 Evolution through growth phases

All growth journeys are unique, but what they all have in common is that they go through numerous growth phases as described in Chapter 2.4.2 Growth phases when evolving from a start-up. What is significant for all growing organizations is that they transfer from each growth phase to the next through a form of crisis (HBR, 1998). This development can be illustrated as in Figure 2, where all companies, no matter the speed of growth, go through periods of evolution and revolution.

The growth phases a company go through represent periods of evolution, during which the company grows under the circumstances of that phase. Eventually, the growth will reach a culmination and the company will go to a period of revolution, facing a crisis that will force the company to adapt. This is when drivers of growth make the company change in one way or another to be able to transition into a new phase of evolution to be able to continue to grow.

![Figure 2. Stages of evolution and revolution through growth](image-url)
2.4.4 Complexities driving development

Covin & Slevin (1997) explain the fundamental issues, limitations and requirements to achieve growth as illustrated in Figure 3. The figure illustrates a high-level view of the phases from growth aspirations to realized growth. A company with desire for growth has certain growth enablers, which enable growth that bring complexities to the organization. This creates a desire for change and a transition to an organization with improved performance. This then leads to new organizational resources as foundation for continued growth, bringing new complexities. This can illustrate the transition companies go through from one growth phase to another in chapter 2.4.3 Evolution through growth phases, explaining why the complexities of growth are important to investigate and consider.

As depicted in the model above, the primary stage from growth aspiration to realized growth is the entrepreneur’s desire and willingness to grow the firm, marked in the figure as Growth Aspiration. Having an aspiration to grow as an organization is however merely the first step of realizing growth, and is assumed in this work to be a fundamental for start-ups. To enable growth, there are three aspects that primarily determine the possibility to grow; Market constraints, Entrepreneurial capability and Organizational resources. The market constraints can enable or disable growth in terms of factors like size of the market, the expected duration of the market window of opportunity and the product life cycle stage of the organization's product. The growth enabler entrepreneurial capability means to what extent the entrepreneur can identify and exploit new opportunities. These two enablers are seen as fundamentals in this work and are not explored further in this paper. More important, the enabler investigated in this research is the organizational resources, which depicts the
organization’s ability to support growth. This is part of understanding growth through the phases in 2.4.2 Growth phases when evolving from a start-up, since complexities of transitioning from one phase to the next leads to changes in the organization that gives a new foundation for growth and new complexities. These organizational resources include employees, intellectual and other intangible assets, financial resources, tangible assets such as offices and organizational systems.

As mentioned earlier, growth in sales can lead to organizational and environmental consequences, which are illustrated in the figure as complexities. These factors are summarized into managerial complexities that reflect the crisis a company go through to reach the next phase of evolution. To actually change, managerial capabilities are needed to make the transition into new operational structures and organizational systems, such as the organizational structure.

When the complexities have been met, the company will transition into organizational profitability, which then will originate back to improved organizational resources. This transition can be compared with the transition into a new growth phase. When companies grow, growth is a mix of stages of evolution which represent the stages of growth, and revolution, which represent crises that transition the company from one growth phase to another (HBR, 1998). In the model discussed above, the crisis is observed as complexities that create a need for change, a crisis that drives the transition to a new stage with new conditions as described.

2.5 Complexities of growing as a headhunting firm

In the section above, the critical growth drivers are illustrated as strive for growth. As seen, growth enablers and a desire for growth enable growth that brings complexities for further growth, needing changes in the organization in a transition. In this research, these complexities are to be investigated in order to determine which factors that need to be considered when building an organization for growth through the observed growth phases. Therefore, factors that in the pre-study have been identified to be related to the complexity of growing as a headhunting start-up are discussed below. First, what the impact of having network as a core capability is discussed. Secondly, what the need for knowledge management in a project-based organization implies is discussed. Thereafter, the function of
an organizational culture is discussed, before diving into the importance of leadership when growing from a start-up.

2.5.1 Network as a core capability
Working with headhunting, the source of candidates you deliver to the client seeking to hire, is the network used for headhunting. It is the essence of the business and the competitive advantage one firm has compared to another.

There are several advantages of having a network that headhunting firms aim to capture; private information, access to diverse skill sets and power (Harvard Business Review, 2005). Private information you can access, for example that has a specific skill or previous experience, is accessible highly dependent on trust and therefore require a qualitative network. Diverse skill sets on the other hand is accessible if you reach a broad talent network with diverse capabilities, making quantity definitive. These advantages can work in opposition to one another, as broadening a network with trust imply that you extend it with people similar to you, and therefore undercut its diversity. Also, a qualitative network is preferred over a quantitative one when private information is wanted, in opposition to the network needed to get a diverse skill sets (Harvard Business Review, 2005).

Network is an intangible asset, making it complex to preserve and manage. It has similar monetary value as a tangible asset (UK GOV, 2014), but as economic competencies including networks and know-how, it doesn’t have physical or financial embodiment (OECD, 2011).

Also, a powerful professional network has two key Q’s; quantity and quality (Forbes, 2010). This means that building a network by increasing the quantity needs to be with respect to the quality of the network, since the quality is the core of what you deliver in terms of candidates. Building the network while growing to increase the quantity could therefore bring complexity that you need to adapt after to keep quality.

2.5.2 Knowledge management in a project oriented business
Knowledge Management (KM) is generally how an organization manages their intellectual assets. In headhunting, this is critical since the business builds on an intangible core as described under 2.5.1 Network as a core. Due to the complexity and variability of the concept
KM, there are difficulties in uniting to one definition. Despite the differences in how KM is defined, there are several recurring, distinctive features that describe the purpose of KM. These features can be summarized as KM being used to support an organization’s creation, storing, transfer and distribution of knowledge (Newell, 2015; Chen & Hew, 2015; Von Krogh, 2012; Bolisani & Handzic, 2014). These can be summarized into two main purposes considered in this report: building and sharing knowledge. Building knowledge consists of creating and storing knowledge while sharing means transferring and distributing knowledge. Moreover, it also includes a continuous improvement within all these areas. In headhunting, the knowledge considered can be described as the two types of intellectual capital within headhunting; the network and the know-how.

KM can according to Stanosky (2005) be described with four pillars that build the theory; leadership, organization, technology and learning. To enable a successful KM, all of these four pillars need to be in a functioning interplay to both build and share knowledge. This means that you for example work with on boarding and trainings to support learning, and use tools as IT-systems and common platforms to assist technology. To build and share knowledge as network and know-how, the four pillars needs to be managed when growing. Also, headhunting firms are typically project based, making knowledge transfer problematic itself. Having loose structures like the project-oriented business often implies, makes it hard to capture knowledge as network and learnings from projects in a structured manner. This makes knowledge management an important complexity to consider when growing and building a large project-based business.

2.5.3 Organizational culture

The mentality, work ethic and values of the company's owners and employees are reflected in the organizational culture of a business. It refers to the values shared by the organization’s associates and managers, which includes assumptions, beliefs, values, norms and language patterns (Ryall & Craig, 2003). The culture that forms in the beginning will originate from early interactions between employees and lay the foundation for the future culture. It is therefore wisely to take early actions on the chain of command and corporate behaviour. Rules, policies and procedures are examples of tools that can be used to change the existing culture even if it’s mostly self-driven and hard to manipulate.

The structure you choose contribute to enhancing the culture and should be adapted to do so. Both organizational structure and culture affect business performance (Ryall & Craig, 2003),
and together they set the standard for the firm’s ability to implement changes effectively. When it comes to project based organizations, culture extensively affect the success rate of projects since it concerns “how you do things”. If the culture counteracts project work, managers will struggle to perform until the culture change. Of course, organizational structure can also lag projects if it’s not fit with the company, but since it is easier to change, it should be adapted to ensure a continuously strong culture (TechRepublic, 2003).

2.5.4 Leadership

For businesses in general, leadership is a frequently discussed topic that plays a great importance for a company to be successful. Specifically, leadership plays a great importance for transformations, which is needed when growing, apart from the regular incremental improvements (McKinsey & Company, 2007). For small businesses, it is stated to be specifically important with active and not passive leadership for the business to keep running and not stagnating (The Balance, 2016). It is therefore of great importance to understand the role of leadership when growing as a headhunting start-up.

In knowledge management specifically, it is stated to play a big role as one of the four important pillars, pointing out the importance of leadership to keep intellectual capital that headhunting builds on. It stresses the need of an integrated leadership and systems thinking. In addition, it also addresses the strategic processes such as values, goals and priorities of the company’s knowledge resources.

To summarize, the purpose of leadership is 1) to drive change, and 2) to spread and influence the culture. These are the two main aspects considered when discussing the role and management of leadership in this report.

Possible complexities within leadership can emerge due to the following aspects you need to consider for an efficient leadership:

- A clear leader figure
- Leadership style
- Reward systems
- Chain of command

How this influence the complexity of growing as a headhunting start-up is vital to understand when building the firm and is therefore investigated specifically in this report.
3. Method

This chapter presents the applied research approach and the process used to answer the research questions. The chapter ends with a quality analysis of the study’s validity and reliability.

3.1 Research idea and pre-study

The idea for research originated from a start-up within headhunting, who perceived a need to understand how a start-up should be structured through different growth phases to enable knowledge transfer and project efficiency. The start-up wanted to get a deeper understanding of critical factors for companies that are growing under similar circumstances, to increase the chances of sustainable growth. After discussing the idea further with our counsellor at KTH and reading up on the latest research within the subject, the problem formulation and the main research question were formulated. When the research area had been determined, a thorough literature review was done to further deepen our knowledge within the area of study.

A pre-study was conducted to shape the area of research and target the most relevant factors to investigate. This resulted in the four internal factors of complexity described in the literature review; network, leadership, culture and knowledge management.

The choice of a method with both quantitative and qualitative aspects emerged from the purpose of the study. The problem is based on an understanding of theoretic areas where empiric studies are missing. To achieve understanding of both theory and empiri, an abductive approach was chosen. This approach enabled an iterative process where the theory was interpreted alongside the collected empirical material in a helix-like process, as the understanding of the two increased. The research questions were therefore developed in more detail and adapted alongside the progress as the research was conducted.
3.2 Research approach

Based on the research in the pre-study, a framework was formed to investigate the choice of organizational structure for headhunting firms. From the model *drivers of growth* (Figure 3), the case for growth as a start-up is discussed as below. This research targets specific parts of the model as marked in Figure 4 below, to understand what complexities to consider when excelling through growth phases.

Figure 4. Targeted areas in the theoretical model

The complexities that might appear when growing as described in the model, were identified in the pre-study and are specifically discussed for headhunting firms in 4.5 *Complexities of growing as a headhunting firm*. The four factors network, knowledge management, organizational culture and leadership are to be investigated in this research to understand what complexities that drive organizational change and therefore affect the choice of structure.

These factors can be described as *internal factors* that affect the *organizational complexity* in the model. The link between the internal factors and the organizational structure will be investigated to understand how you need to adapt the organization after the complexities that growth might bring. The complexities in the model consists of both organizational and environmental complexities that together drive change. In this report, only the organizational complexity is included, by investigating internal factors while excluding external factors directly affecting the environmental complexity.
In the created model below (Figure 5), the link between the internal and external factors that affect the complexity and choice of organization is illustrated. The model illustrates the research approach chosen in this work, investigating the link between the internal factors identified and the choices of organizational structure.

Figure 5. Model on how internal and external factors affect the choice of structure

The link between the factors and structure investigated is shown in the framework above, and are to be studied from a time perspective to understand how this affect the organization while growing. How this relation plays out are therefore to be studied in each growth phase, from a start-up to a small company.

The pre-study has resulted in a composite framework as illustrated in Table 3, with growth phases from a start-up stage to a small company stage, where number of employees determines the phase of the company. These phases are defined independently of the stages in Table 2, and are created simply to reflect the journey of a start-up to a small company. In this paper, a start-up is defined as a new company with up to 10 employees and a small company is defined as a company with 31-60 employees. This is the framework the research will build upon to understand the specific business characteristics in the studied industry. This is illustrated as shown in Table 3, where characteristics, internal factors and the link to the organizational structure, are to be investigated in each phase.
Table 3. Framework on how to structure headhunting firms in different growth phases

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition</td>
<td>1-10 employees</td>
<td>11-30 employees</td>
</tr>
<tr>
<td>Description</td>
<td>Start-up</td>
<td>→</td>
</tr>
<tr>
<td>Characteristics</td>
<td>To be investigated</td>
<td>To be investigated</td>
</tr>
<tr>
<td>Factors of high importance</td>
<td>To be investigated</td>
<td>To be investigated</td>
</tr>
<tr>
<td>Appropriate structure to enable factors</td>
<td>To be investigated</td>
<td>To be investigated</td>
</tr>
</tbody>
</table>

The phases concern the development from a start-up to a small company, for which reason only three phases are used. Since the complexity addressed in this research regards an organically growing company, number of employees has been chosen as the primary parameter of size. In this way, the phase reflects the organizational challenges the company is facing when working together as a geographically expanding organization. This is the most appropriate way to address the complexity of project work in a large organization, depicting the relevance of turnover per employee.

3.3 Research process

To answer the research questions exhaustively, the research design has been separated into four steps, covering data collection and analysis as follows.

Data collection:

**Step 1:** A literature review was performed to understand the theories behind organizational structures; growth phases and what factors might affect the complexity of growing headhunting start-ups.

**Step 2:** Interviews were performed according to a careful selection of semi-structured interviews, as described under 3.4.1 Interviews, to extensively understand the impact of the identified internal factors for case companies with different structures and developments.
Process of analysis:

**Step 3:** From the literature review together with performed interviews, understand the complexity of growing as a headhunting firm, by studying the business dynamics, identified internal factors and drivers of growth through the defined growth phases.

**Step 4:** Investigate the link between the studied complexities and the organizational structure to understand how the identified internal factors affect the choice of organizational structure.

The process of analysis can conceptually be described as in Figure 6, including how it aims at answering each research question. This is reflected in section 4 *Empirical result and analysis*, by structuring the content accordingly, in order to best answer the research questions along with the empirical results and analysis.

![Figure 6. The process of analysis](image)

A difficulty with the chosen research method is to combine theoretical and practical information and knowledge. By continuously testing theories and applying them to the current situation and background of the case companies, practical problems can be identified which can help us develop the theoretic models (Jorgensen, 1992).

### 3.4 Data collection

To enable several approaches and reduce potential uncertainties, data will be collected by different methods. Thus, both a literature review and semi-structured interviews will be performed, to get a holistic overview and a broader knowledge base for the analysis (Eisenhardt, 1989). The collected data will therefore mostly consist of qualitative data.
3.4.1 Interviews

The main source of data will be based on semi-structured interviews. To investigate the impact of working with headhunting and growing from a start-up to a small company, the selection of companies has been divided into two categories: Traditional headhunting companies and headhunting companies with a niche. Moreover, the interviews aim at targeting companies in different growth phases, going from a start-up to a small company. The selection will therefore be made to cover the matrix in Table 4 below.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traditional headhunting firms</strong></td>
<td>● Company A</td>
<td>● Company A</td>
<td>● Company A</td>
</tr>
<tr>
<td>Firms with traditional business</td>
<td>● Company B</td>
<td>● Company B</td>
<td>● Company C</td>
</tr>
<tr>
<td>models</td>
<td>● Company C</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Niche headhunting firms</strong></td>
<td>● Company D</td>
<td>● Company D</td>
<td></td>
</tr>
<tr>
<td>Firms with innovative business</td>
<td>● Company E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>models</td>
<td>● Company F</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 4: The selection of case companies. Black font illustrates the current phase of the company and grey font which phases they have been in*

The interviewees have been selected based on earlier experience and current position to enable a broader set of data from individuals with different backgrounds, experiences and positions, as illustrated in Table 5 below. Founders, executives, HR and other employees at headhunting firms that have gone through, or are going through growth, will be interviewed. There is a mix of employees that have experienced all phases, early phases or only the current phase. The role and background of the interviewees can be found in Appendix D.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Have experienced all growth phases</th>
<th>Have historically experienced early growth phases</th>
<th>Currently experiencing later growth phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executives/Managers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational staff</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 5: The selection of interviewees*

The questions asked during the interviews have been semi-structured, to fill the knowledge gaps that have been identified (Blomkvist & Hallin, 2015). Ahead of each interview a pre-
research was performed to achieve a deeper understanding for the situation of the interviewee, and get more familiar with the context (Bonoma, 1985). With an increased understanding, we were able to pose better questions and as a consequence get more meaningful and high qualitative answers. This is of high importance since the interviews are time consuming and a big part of our empiric data.

3.4.2 Data analysis
The collected data have continuously been revised to ensure that only relevant and correct data is stored. To secure this, the collected data have been organized systematically and summarized to more simply get an overview of the available data.

The data have been reduced and illustrated before conclusions were drawn. The conclusions have then been checked based on reliability (Miles & Huberman, 1994). Since the thesis will be based on a large amount of data it is very important that data is reduced in an early phase to only pass on relevant information. To simplify the drawing of conclusions throughout the process it is also important that the data is illustrated in a simple and visually appealing way (Miles & Huberman, 1994). The conceptual way of analysing the data in this work is collectively presented in Appendix A, B and C, for a further deep-dive into the data if wanted by the reader.

3.5 Quality of analysis
It is of great importance to ensure constant reliability and validity to keep a high quality and conduct a trustworthy research (Collis & Hussey, 2014). Due to the high level of qualitative data from the interviews it is very important to ensure both validity and reliability in the input to guarantee the same in the output (Blomkvist & Hallin, 2015).

Reliability refers to how the study is conducted and a high reliability signifies that the research is performed in a way that makes the result repeatable (Blomkvist & Hallin, 2015). In this study, the interviews were formed to be semi-structured and in that sense have both structured and open questions. The interviews were therefore held in a consistent way and by following the same consistency it is possible for someone else to repeat the study with similar results. More specifically, structured questions were used to quantify the importance of the factors investigated, and more open questions were used to understand the business
dynamics. By using interviews, the reliability may have been negatively affected, since different interviewees might display different opinions. However, by using a structured aspect to the interviews as well as ensuring that the interviewees are not affected by each other, the reliability of the study was increased. To also value the reliability of our sources, Torstendahl’s (1971) checklist for source critique have been used. The list consists of four parts that have be taken into account when selecting sources: authenticity, closeness and dependency, tendency as well as representatively.

The validity of the study describes whether the right theories, related to the area of focus, are used and is important to ensure credibility and believability of the results (Gibbert et al. 2008). In the empirical gathering of data, a methodological triangulation and triangulation of theories was used to increase the validity (Easterby-Smith, Thorpe, & Jackson, 2012). The methodological triangulation entails using both qualitative and quantitative ways of collecting data. Theories triangulation has been considered in two ways. First of all, a wide collection of theories regarding different growth phases have been made and the theories have then been collectively compared before applied in this research. Secondly, multiple theoretical perspectives on what the growth journey looks like have been used, with frameworks depicting the evolution through growth phases as well as complementing theories on complexities driving development and transition between growth phases. By triangulating, the obtained knowledge base from the gathered data will be increased (Denzin, 1978 & Patton, 1999). This makes the foundation of the recommendation more robust and comprehensive, which in turn will lead to a greater success rate of the recommendations.
4 Empirical results and analysis

To examine the results, the first section will introduce the case companies studied in the interviews and their individual growth journeys. The results will then be used to explore four sections representing the process of analysis to answer the research questions.

4.1 Introduction to empirical results

This section introduces the case companies based on the interviews held. The development of each firm has been mapped for the studied growth phases as can be seen in Appendix A. In this section, the traditional headhunting firms studied will be introduced first, before introducing the studied niche headhunting firms in a similar manner. All companies will be coded as Company A-F to fulfil the wish of some to remain anonymous.

By studying these companies, there are some main conclusions that can be drawn. First of all, when mapping how the organizational structure of these companies changes over the growth phases, there is no obvious pattern in how these firms have developed. Secondly, there are differences in their method of working and the related roles that distinguish their operations. This means that there is no obvious way to structure these firms, and the choice of structure that has been made probably depends on other variables such as the external factors that have been excluded in this analysis.

Traditional headhunting firms

The traditional headhunting firms are grouped based on their more traditional methods of headhunting and their similar value proposition. They all work with executive search that is an established segment within headhunting and a well-recognized service. They offer similar services but some have more international search, while other focus more on interim services. The firms within this group and their individual growth journeys will be introduced below. A deeper and more thorough explanation for each firms’ growth can be found in Appendix A, discussing roles, working methods, organizational structure and growth drivers for each firm.

- Company A: A small company with nearly 40 employees in 6 offices in the Nordics, working with executive search. Organizationally, they have transitioned from being divided by function to region, and gone from having one central leader to several regional leaders, closer to the everyday business.
- **Company B**: A small company working with executive search, having 30 employees in Stockholm. Organizationally, they have transitioned from working across industries and services to be divided by service.
- **Company C**: A small, family owned, headhunting company with nearly 25 employees in Stockholm. They have transitioned organizationally from being several small sub companies for each service, to be one unified, structurally decentralized company divided by service.

### Niche headhunting firms

The niche headhunting firms are grouped based on their specialized services and unique way of working. They all have in common that they challenge the traditional headhunting firms in their unconventional value proposition and their innovative business model. The niche headhunting firms are generally smaller and haven’t come as long in terms of growth as the traditional headhunting firms. Albeit, they are similar to the traditional firms in that they build their organizational structure independently with uniquely formed roles. A deeper and more thorough explanation for each firms’ growth can be found in *Appendix A*, discussing roles, working methods, organizational structure and growth drivers for each firm.

- **Company D**: A niched headhunting firm, with 10 employees and three offices in the Nordics. Their focus is to specifically headhunt women and include women in their processes. The company is regionally divided by service.
- **Company E**: A niched headhunting firm, with around 10 employees and offices in Stockholm and Linköping, focusing on headhunting students. The business model is based on employing students, and including them in the whole headhunting process. The company is divided by geography and have sales incorporated in the research role while interviewers have developed to form an independent role supporting all project teams.
- **Company F**: A franchise based organization with nearly 5 employees in three different locations in Sweden. The company have a business model where an online database and application is used for research and building the talent network. The company is currently in an early stage where the leader is prominent.
4.2 Dynamics in the business of headhunting

As a first part in understanding the complexity of growing as a headhunting start-up, the dynamics in the business have been studied. From the pre-study and the interviews, the identified dynamics have been assembled as illustrated in the figure below.

As a headhunting firm, the external parts you’re working with are the clients seeking to hire and the network of candidates you use to headhunt. Internally, there are several competences needed for an efficient and value creating headhunting; selling skills, matching skills and research capabilities. These are then translated into specific activities such as handling customer relations, performing interviews and doing research. These activities are thereafter distributed between the company-specific roles. In some firms, research consultants possess both selling skills and matching knowledge as they both do active sales and interviews. In other firms, both a researcher and a recruiter are involved in the client relations, hence it differs how you build the organization around these fundamentals of the business. What however is common in all firms are that they are organized around project-based work, forming teams for each specific project.

Figure 7. Identified dynamics in the business of headhunting
4.3 Importance of internal factors

Both a quantitative and qualitative analysis are conducted based on the interviews to best understand the importance of the investigated internal factors. This section will start with a quantitative presentation of the results, before qualitatively investigating each factor separately.

Quantitatively, the results can be summarized as illustrated in Figure 8 below. The indicative scale 0-10 come from the quantitative part of the interviews, where the interviewees were asked to rate the importance of the four internal factors as you grow. Through the three phases, the factors are shown to play different importance and which factor is dominating as crucial for business success changes as they grow.

![Figure 8. Importance of internal factors through growth phases](image)

In phase 1, Leadership tends to play a greater role while knowledge management and culture is less important to actively work with for business success. In phase 2, the talent network has increased in significance and network is rated top priority for all studied firms. On the contrary, the role of leadership is not as crucial for business success and can be less prioritized. In phase 3, this have turned and put leadership and network in less focus. Instead, knowledge management and culture needs to be actively managed to reach business success and further growth. What can be seen for these two factors, are that they seem to correlate in terms of importance through growth. One reason for this is that knowledge management and culture have shown to play a similar role for business success. A core function of the culture for headhunting firms is to have an open sharing of network and know-how, meaning that culture is important when knowledge sharing is important.
The qualitative analysis behind this result is presented for each specific factor respectively in the sections below. The analysis cover two main topics; what role the factors play for the company and how you actively need to manage it. This makes it possible to thoroughly understand the importance of each factor, both how it directly affects performance and how it indirectly affects management in terms of adapting the organization.

4.3.1 Network

The network refers to the talent network of candidates that the company possess, which is the main resource for delivering value to the client as explained under 4.2 Business dynamics. It is the core of headhunting as described in the literature review, and represent a substantial part of the competitive advantage one firm has compared to another.

In Figure 9 below, the collective results from the interviews and research are shown. The figure illustrates how the role of network change through phase 1-3 (light blue colored boxes), but also how the active management needed in each phase change (dark blue colored boxes). As can be seen, network always plays a big role in delivering value, but doesn’t need active management except for in phase 2 when the business is scaled up. In Appendix B, the company-specific results behind the figure can be found.

Network is generally considered top priority in headhunting, since it is the essence of headhunting and the base of value creation for the client. However, as discussed, it is of
significant importance in phase 2 but not in phase 1 and phase 3. This can be explained by looking at how the role and active management of the network change with growth.

As shown in Figure 9 above, network plays a huge role in the beginning. However, it doesn’t take active work to manage it since the business initially builds around the entrepreneurs’ already existing network and is therefore already built and naturally preserved. This is a phase when the network is heavily dependent on employees’ networks, making it less important to actively manage even if it’s crucial for the value creation. As the company grows, you need to increase the capacity to deliver by increasing the quantity of the network. This create a complexity as discussed in 2.5.1 Network as a core capability, since there is a balance between quantity and quality when growing in order to attain both a diverse and personal network rich of private information. The biggest success factor in phase 2 is therefore to increase the network with respect to both Q’s; quantity and quality. What appear to make this complex is being able to tie the intellectual capital to the business itself. When there are few employees, the network is individual based and tied to specific employees. When this is scaled up, the network relations need to be tied to the brand instead of the employees, making the quantity and quality less dependent on the individuals. In that sense, you do not risk losing the network just because the individuals might leave. It’s also crucial in order to reach the targeted quantity since it requires a network bigger than the simple extension of employees’ contacts.

In phase 3, the company is big enough to have a network independent of the individuals, making it easier to passively retain. It is in this phase important to systematize it to keep the quantity, while active management is used to strengthen the relations and secure the quality of the contacts as the quantity grows. Systematization is in this phase important to make it accessible for the all project teams and for the network to competitively and effectively be used by a large organization and different people.

4.3.2 Knowledge management

Knowledge management refers to the building and sharing of network and know-how, as discussed under 2.5.2 Knowledge management in a project-oriented organization. In the headhunting firm, these processes aim at building network and know-how within all roles and project teams, as well as sharing network and know-how across projects.
In Figure 10 below, the results from the interviews and research are shown. The figure illustrates how the role of knowledge management changes through phase 1-3 (Light blue colored boxes), but also how the active management needed in each phase changes (dark blue colored boxes). As can be seen, knowledge management is key to build required knowledge in the beginning, to systematize it in phase 2, and to transfer it in phase 3. In Appendix B, the company-specific results behind the figure can be found.

**Figure 10. Role and management of knowledge management through growth phases**

The role of knowledge management changes as the company grows, and the building and sharing of knowledge needs to be managed differently in different phases. As the knowledge considered is network and know-how, this part focuses slightly more on know-how in terms of learnings from projects to decrease overlaps with the previous section network.

When building know-how and network in an early phase, some parts already exist and other parts need to be built up. In phase 1, active knowledge building is needed by recruiting people with appropriate experience from industries and roles to build up the individual networks. As discussed under 2.5.1 Network as a core capability, network is individual-based in phase 1, why this is crucial to build the network as a start-up. Skills are however shared easily when the organization is small and the founders possess sufficient expertise, why building of know-how don’t need to be actively worked with.

Phase 2 is similar to phase 1 in many ways, but in phase 2 you have to scale up the existing network and know-how from phase 1. You build knowledge by recruiting people from an
attractive background to build the network as it is still somewhat individual-based, but you also try to recruit people with some attractive skills such as matching skills. The goals of getting knowledge when bringing in new employees is to scale up the business and increase its capacity in terms of both network and skills. To increase the ability to build and share knowledge, on-boarding processes are typically shaped naturally, by a systematized “learning-by-doing”-process. The skills needed are in that way taught by being part of a team and working close to a “mentor”.

When becoming a large organization as in phase 3, the focus changes from building to sharing knowledge. The resources and network is already in place, but a growing model complicates knowledge transfer. For instance, it gets problematic to share know-how between teams and learnings from projects. It’s also more difficult to make use of the big network even if it’s externally more brand related than individual-based. The difficulty is to create a climate where you 1) want to share network and learnings, and 2) don’t have barriers for doing so. It’s therefore clear that more tools as incentive systems are formed to increase the will to share. Also, systems as databases for sharing network and know-how are created. Further, internal communication channels as weekly meetings between teams and departments are set up to share systematically.

4.3.3 Organizational culture

The organizational culture refers to the collective values, goals and priorities in the organization as described under 2.5.3 Organizational culture. In Figure 11 below, the results from the interviews and research are shown. The figure illustrates how the role of culture changes through phase 1-3 (Light blue colored boxes), but also how the active management needed in each phase changes (dark blue colored boxes). As can be seen, culture is an important factor but with different purpose throughout growth. In the beginning it is needed to create drive and spirit but as the firm grows, it becomes essential to unite the company. In Appendix B, the company-specific results behind the figure can be found.
The role and management of the organizational culture also tend to change as headhunting firms grow. In phase 1, the culture is naturally built around the leader. Its business purpose is shown to create an entrepreneurial spirit and strive for growth with a belief in what you do. Even if it is important for the business success, it doesn’t need to be actively managed since it is lived through the leaders and shared between the employees and the leader through personal relations.

As the organization grows in size, it is usually spread out and split into departments, making it unable to depend on personal relations. This typically harms the culture, why there is a need to actively manage it by clarifying the culture and building it independently of the leader, since the leader cannot symbolize it naturally anymore.

In phase 3, the organization gets to a size where the leader itself cannot stand for all the values the culture needs to mediate. Also, having a clarified and communicated culture isn’t enough for it to be lived. Structural tools such as incentive systems, employee events or project policies, must therefore be used to support it.

### 4.3.4 Leadership

Leadership refers to concepts such as a leadership figure, a leadership style, command chains and reward systems as described in 2.5.4 Leadership. The purpose of leadership is divided into two parts in this paper, 1) to drive change, and 2) to spread and influence the culture.
In *Figure 12* below, the results from the interviews and research are shown. The figure illustrates how the role of leadership changes through phase 1-3 (Light blue colored boxes), but also how the active management needed in each phase changes (dark blue colored boxes). As can be seen, leadership is key to influence teams to enhance culture and enable and motivate change. The form of leadership however changes as the company grows, affecting how you need to actively work with it. In *Appendix B*, the company-specific results behind the figure can be found.

![Figure 12. Role and management of leadership through growth phases](image)

Leadership can be shown in many forms as discussed under 2.5.4 *Leadership*, but parts of it is having a leader figure with a leadership style or formed reward systems and chain of command that support the purpose of the leadership.

In phase 1, the leader is the greatest factor of business success and the strongest driver of growth. The leader is also central for the business in setting the culture and entrepreneurial spirit needed for development and growth. This is possible since the leader is close to the operations, actively executing and having personal relations to employees.

When growing however, the leader gets further away from the operations as the size increases. In phase 2, you can therefore see that leadership in terms of a leader figure needs to be brought closer to the project teams. The effect is often that several layers are created with numerous leader figures, changing the chain of command. This means that the leader driving the development, culture and entrepreneurial spirit, might be the project leader or a department leader.
In phase 3, the organization is even bigger, making this model insufficient to mediate drive, culture and entrepreneurial spirit. A need for fewer layers normally arise since you need shorter chains of command to lead initiatives of change easier and communicate change through the operations. To serve the entire purpose of a leader, local role models influenced by the main leader figure are needed to act as efficient symbols for the culture. Tools as reward systems are also a way to actively manage leadership, which is more prominent in the third phase.

As can be seen, the role and management of leadership change as the company grows. In early phases, leadership is lived through the leader and the role is to drive development and live the culture. In later phases, leadership is needed to preserve the culture and drive changes.

4.3.5 Dominant factors in each growth phase
Quantitatively, internal factors appear more dominant in some phases and less in others. When analysing it qualitatively in 4.3.2-4.3.4, it appears that the role and active management of the factors change in line with the quantitative results. When collectively analysing it, you can clearly see how the importance of the factors change accordingly. In Figure 13 below, the analytical results are summarized, to comparatively see how the importance of internal factors change through the phases. As marked bolded in the figure, you can see which factor is of greatest business importance in each phase.

As analysed in the prior chapters, the results are mapped against number of employees, since this size parameter is the most apparent driver of organizational complexity in a project-based environment. As seen in these results, it is possible to see clear patterns between factors and phases when divided after number of employees. However, other parameters impacting organizational complexity have shown to affect the results. You can see that when the business is expanding geographically early, this speeds up the process. The company can transition into a new phase faster, making it possible to theoretically be in phase 2 or 3 with less employees than stated in the framework in this theses. This is because dispersion has the same problematic aspect as increased number of employees in terms of communication and operative work. The same applies for high rotation of employees. This means that these aspects need to be added to the framework produced in this work in order for it to fully reflect
the development of headhunting firms. This is shown in Figure 13 below, by labelling the axis *Growth in organizational size*, including dimensions as *number of employees*, *geographical dispersion* and level of *rotation of employees*.

**Figure 13. Dominant factors through each growth phase**

In phase 1, leadership in terms of a leader figure with an entrepreneurial leadership style is the key driver of development. The network’s role is also important but doesn’t need active management since it is big enough, individual-based, and exists naturally. Culture is in this stage lived naturally through the leader close to the operations and knowledge management happen naturally as a small organization shares naturally and builds on internal knowledge.

In phase 2, the leader is still present but not the only driver of success. Instead, increasing in scale demand a bigger capacity, requiring a network independent of individuals. As a headhunting firm, this urges a need to actively expand the network and find ways to retain it as you grow. In this phase, culture is defined by the everyday work of employees and can be influenced by the leader without further constraints. Efficient project processes are also developed, and natural sharing arises between formed roles. The latter two factors are therefore still not dependent on further actions by management.

In phase 3, leadership is less central and is pursued by having one clear leader for steering purposes and local role models for preserving the culture. Network has at this point also become systematized to use more standardised in the bigger organization, less dependent of
individuals. At this point, culture and knowledge management is instead the greatest factors of business success. Culture is crucial to manage the business as a united company, and active knowledge management is needed to keep the competitive core, as size and project based work complicate sharing of knowledge.

4.3.6 Drivers of change

When a headhunting firm grows in size, it is clear that the importance of internal factors changes as described in the previous section. When analysing these results, there are some collective drivers that appear to affect how the role and management of the factors develop with the size. These drivers are important for understanding what the underlying reasons for change are, since this will affect how to deal with organizational change as you grow. This reflect what drives the company into a stage of crisis that create change aspirations, making it possible to transition into the next phase of evolution. In Figure 14 below, the key drivers are identified to fully understand the complexity of growing with respect to the important internal factors identified.

Phase 1, where leadership is the dominant factor and key driver of development, is a state with a small, tight-knit organization where the culture is lived and the knowledge is shared naturally. When growing, there is a need to scale up the established business by expanding
the existing organization and its initial processes. This change the conditions for operating which affect how you deal with the factors studied. The role and management of the internal factors therefore change, which is reflected in the results presented. The driver between phase 1 and phase 2 can therefore be summarized as to *Scale up the established business*. As can be seen, the main complexity that comes from this is to increase the capacity of the talent network while maintaining the quality of it. This is the underlying reason to why the importance of the factors changes and the headhunting firm needs to shift its focus and active management to avoid the pitfall of a network failing in quantity or quality.

As the size increases further, the organization will reach a new state that again will change the role of the factors. Going from a start-up to a small company with up to 60 employees is a change that imposes the need to work actively to stay united as one company and keep competitive against other headhunting firms. The second key driver will therefore be to keep the company core while at the same time standardizing a larger organization to remain competitive. The effect is that management have to standardise the network and focus on tools and ways to enhance the culture as well as ease and enable sharing between projects. The second identified driver can therefore be summarized as to *Keep competitive core while standardising a large organization*.

These drivers and what management have to focus on will be reflected in the choice of organizational structure, to have a structure that enables the needed work.

### 4.4 Choice of organizational structure

To understand the effect of the organizational structure on the identified internal factors, departmentalization, centralization and geographical dispersion have been investigated. Each of the three concepts will have an effect on the internal factors, which will be discussed in this chapter.

#### 4.4.1 Departmentalization

To divide the company into units based on roles, services, regional focus or industry, will affect how people work and impact the identified internal factors. How each factor is affected by different ways of dividing the organization is explained in *Figure 15* below, where choices that support one of the identified factors is highlighted in green.
Figure 15. Choice of departmentalization

As illustrated in Figure 15 above, both Network and Knowledge Management are supported by having a regional focus in units, since a geographical focus in all parts of the business of headhunting enhance the sharing of network and know-how, in the same time as you work with the same client for several projects.

Visible in Figure 15 above, Leadership, Culture and Knowledge management is favoured by dividing the organization by roles, since they all are supported by uniting people with similar background, know-how and values. It does however not favour Network. Uniting around an industry on the other hand is highly effective for the network. This aspect can make it difficult for headhunting companies when they grow, as the second phase require a high focus on network, which would gain from dividing it by industry. In all other phases it could however give a greater advantage to divide by roles, since dividing the organization by industry doesn’t give support to any other factors.
To group the organization around different types of services could in one sense further the reuse of candidates. But since all headhunting processes are quite similar, there are limited advantages for specialising in a service line. Matching skills needed for interviews doesn’t differ much between services and dividing the organization by service line would therefore only advantageously support the network in phase 2.

4.4.2 Centralization

Each identified important factor will be affected by the level of centralization, and either be supported by it or not, which is further explained in Figure 16 below. The green highlighting indicates factors supported by the choice.

![Figure 16. Choice of level of centralization](image)

As shown in the figure above, decentralization supports all factors except Leadership. Within the centralized organization, a central steering and organizational initiatives are easy to push out, while leaders in the decentralized organization need to go through the operational managers to reach each project team. As the decentralized organization to a greater extent have employees assigned to a specific project, the ease of communication and sharing is improved which favours the Network, Culture and Knowledge Management. As this way of organizing supports all factors except Leadership, it is not optimal in the first phase, where
leadership is the dominant factor. It does however support the following growth journey of the second and third phase.

In opposition to the arguments in favour of decentralization, having a centralized organization supports *Leadership* and *Knowledge Management* as it simplifies centralized steering and change initiatives. As can be seen, *Knowledge Management* is supported by both structures as different aspect of it are favoured by each choice. Centralization supports building of knowledge to a greater while decentralization better supports sharing of knowledge.

**4.4.3 Geographical dispersion**

The identified factors are affected by the level of geographical dispersion as displayed in *Figure 17*. Green highlight indicates choices supporting the factors.

![Figure 17. Choice of geographical dispersion](image)

To only have one central office support *Leadership*, *Culture* and *Knowledge Management* as it simplifies a strong leadership, a united culture and everyday knowledge sharing within the whole organization. It does however not favour *Network* as barriers to local networks are
greater, and these talent networks might only be reachable by geographical dispersion. This can make local offices a great competitive advantage towards competitors who doesn’t have access to the same local networks. By having geographically dispersed offices in each geographical market does also entail benefits for Leadership as it brings the leadership close to each local region and simplifies communication of culture, local strategies and visions.

To get access to important, local markets is an extreme benefit as a headhunting company, and as Network is the dominant factor in the second phase it is vital to enable growth. To only have one central office can therefore pose a difficulty in that it strongly supports the dominant factors in the first and third phase, but not in the second phase. The risk is that you open local offices when you grow to favour local networks but then realise that it gets problematic as you grow and have to unite the culture and enable knowledge sharing.

4.5 Implication of results for a growing headhunting start-up

There is a clear need for a key focus in each phase, making the choice of organizational structure important to support success factors in that phase. This implies that there are different ideal organizations for different stages of growth, suitable for the conditions in each specific phase. However, it might not be feasible or realistic to shift after these ideal organizations, but they are important to consider and if possibly, adapt after.

In phase 1, this would imply that ideally, you would have an organization that to the greatest extent possible, support leadership. This would imply that employees belong to a role-specific unit, having units divided by roles as researchers, recruiters and salespeople. They would also have a belonging to a regional focus, specializing in a regional area as north, south or a specific city. When forming teams for a project, you would have roles centralized, meaning that a project leader asks the research division for resources in research with focus on e.g. south of Sweden. They would perform necessary research and thereafter hand over the recruitment department to perform the interviews and so on. Employees could therefore work with several projects without a clear team belonging. All would however be located in the same office in this phase, even if some local presence would be optimal to expand and establish business regionally. Some researchers could therefore be used locally to get the local network as the business grows into phase 2.
In phase 2, shifting belonging from a role-specific unit to an industry unit or a service unit would enhance network. Optimally, you would be specialized in an industry or a service, with a geographical focus, even if this might be difficult in the transition from being divided by roles. As a researcher belonging to research in e.g. south of Sweden, you would now ideally belong to e.g. “Telecom” or “Board member search” in south of Sweden. Also, you would ideally sit positioned in south of Sweden to optimally support the use of network as you scale up the business. Due to the decentralized organization, you would be a part of a team no matter your role.

The transition from phase 1 to phase 2 might however be problematic, since you might not have recruited people from differentiated industries with the focus in phase 1, and might therefore not be able to get all the synergies from dividing by industry. Whether you decide to divide by industry or service is dependent on how your business differs in terms of services or industries. If you for example work a few distinctive services, it can be useful to divide thereafter. If you on the other hand don’t have distinctive services, but instead work towards specific industries, you can make use of specializing employees in those.

Going from one central office to local offices is also problematic, and the compromise in this case would be to advise these companies to change the research division according to the proposed change, as research has the biggest advantages from local presence. Ideally, all roles would sit in local offices, decentralized in specific project teams, with people from the concerned industry or service. Realistically, you would create local teams of researchers with an underlying industry or service focus, which would enable to scale up and efficiently use the network needed for business success. This would also ease the transition into phase 3, when you need to keep the core of the business while standardizing the large organization.

You would in phase 3, ideally, be divided as in phase 1, but mainly decentralized with some central roles. This means that everyone would sit in the same office to enhance culture and knowledge management. Also, you would belong to your role and have a regional focus. Employees would then belong to teams formed around the regional area of the client and candidates. Some roles might however still be centralized, as e.g. recruitment would gain from having one unit and then be assigned tasks from different teams when necessary. To make this feasible with phase 2, some researchers would still be local, making it appropriate to have them centralized formally, bringing them into teams when needed.
The conclusive recommendation can be summarized in the framework below, used to distinguish differences between phases and give guidelines on how to grow as a headhunting start-up.

**Table 6. Framework on how to structure headhunting firms in different growth phases**

<table>
<thead>
<tr>
<th></th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>1-10 employees</td>
<td>11-30 employees</td>
<td>31-60 employees</td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>Start-up</td>
<td>→</td>
<td>Small company</td>
</tr>
<tr>
<td><strong>Characteristics</strong></td>
<td><strong>Entrepreneurial spirit</strong></td>
<td><strong>Capacity-driven, scaling up business</strong></td>
<td><strong>Standardizing while remaining core</strong></td>
</tr>
<tr>
<td><strong>Internal factors of high importance</strong></td>
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<td><strong>Network</strong></td>
<td><strong>Culture and knowledge management</strong></td>
</tr>
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</tr>
<tr>
<td></td>
<td>2 Centralized</td>
<td>2 Decentralized</td>
<td>2 Mainly decentralized with some central functions</td>
</tr>
<tr>
<td></td>
<td>3 One office with some local extensions</td>
<td>3 Local offices</td>
<td>3 One central office but some local presence</td>
</tr>
</tbody>
</table>

*Three choices: departmentalization, centralization and geographical dispersion*
5 Conclusions

In the empirical results and analysis presented, the research questions are systematically investigated and answered sequentially. In this section, the research questions are to be explicitly answered to cohesively answer the main research question “How should headhunting firms be structured organizationally in different growth phases with respect to complexities of growth?”

RQ1: What are the business dynamics for headhunting firms that you need to consider when organizing?

As discussed in the section 4.2 Business Dynamics in the industry of headhunting, there are several dynamics you need to consider when organizing. There are mainly three things to consider:

1. The business aim to headhunt candidates to a client seeking to hire, from a talent network that constitute the main resource to deliver value. These are the main stakeholders you are dependent on and therefore need to adapt after.
2. The roles are built around three main competencies and their related activities; sales skills, matching skills and research capabilities. These need to be effectively managed when building the organization.
3. The organizations are project-oriented, meaning you have to organize around projects.

RQ2: Which internal factors are important to consider in different growth phases?

As discussed in section 4.3 Importance of internal factors, different factors appear to be dominant in different phases. The role and active management tend to change with growth for the studied factors: network, knowledge management, leadership and culture. The factors that seem to have the highest importance for business success can be summarized for each phase as below in Table 7. When it comes to building the organization, you would need to adapt after these in order to optimize the base for business success.

<table>
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Table 7. Framework on how to structure headhunting firms in different growth phases: selected parts
RQ3: *What are the key drivers of change to adapt after in the transition between growth phases?*

Through growth, two key drivers of change have been identified between the phases, as discussed under 4.3.6 *Drivers of change*

- **Going from phase 1 to phase 2**, changes are made to scale up the established business. This has consequences on how you need to work with leadership, network, knowledge management and culture, to increase the capacity of the organization.

- **Going from phase 2 to phase 3**, work is done to keep the core while standardizing the large organization. This also has effect on how you work with leadership, network, knowledge management and culture, standardizing to the extent that is possible while still maintaining the core for competitive advantage.

RQ4: *How are important internal factors affected by the choice of organizational structure?*

As can be seen under section 4.4 *Choice of organizational structure*, different factors are of different importance for business success through growth. Each of these factors should be enhanced to the extent possible, and the way you structure the organization will affect how you actively can work with leadership, network, knowledge management and culture. The main choices identified when structuring the organization are concluded to affect the factors as presented below.

- **Departmentalization**: Dividing by roles seem to be suitable to favour leadership, culture and knowledge management. Network on the contrary seems to be the only factor gaining from dividing by industry. Also, both network and knowledge management can have an advantage from dividing by regional area, focusing on a region or city.

- **Centralization**: Centralization appear to favour leadership and knowledge management while a decentralized organization can favour culture and network more, but also support efficient knowledge management to some extent.

- **Geographical dispersion**: To have several local offices to serve the local markets present at could probably ease the work with local networks, but all other factors would gain more from having one central office, easing knowledge transfer and culture building with a close leadership.
MRQ: *How should headhunting firms be structured organizationally in different growth phases with respect to complexities of growth?*

Finally, the main research question can be answered by giving guidelines on how to structure the organization through growth phases with respect to the complexity brought by the results presented. In each phase, there is an organization that is ideal in terms of structure and supporting key success factors as summarized in the *Table 8* below.

<table>
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</table>

*Table 8. Framework on how to structure headhunting firms in different growth phases*

Moreover, a general finding in this research is that the structure appropriate for the small organization when forming the business might be ineffective for the large organization in a later growth phase. The organizational needs are different in different growth phases and there is a risk that the structure you form is hard to change according to the changing needs. You therefore need to either 1) form a structure that is adaptable to change easily when needed, or 2) make compromises and put aside some needs in order to enable growth. For example, departmentalization should preferably be by industry in phase 2 but by roles in phase 3. You can divide by industry in phase 2 but you should be aware of that the needs will change and therefore not build formal systems such as a CRM-system segmented by industry, since this might be hard and costly to change when changing the structure. Conclusively, you
should not build tangible and rigid systems around the occurring structure if you know that the needs will change when growing further.

To summarize, how you organize when growing should be with respect to the transitions made, and headhunting start-ups therefore need to consider the following three main insights.

- **Phase 2 differ from the others in terms of optimal structure, making it unfeasible to shift structure completely in the transition between phase 1 and 2, and 2 and 3.** You should therefore be aware with the choices you make in order to make the organization adaptable for changes that come, and make compromises when forming the structure. A general guideline is to avoid building inflexible systems after the current phase, and therefore not form systems in phase 2 according to the optimal departmentalization or invest heavily in new offices locally since this will change in phase 3.

- **There is a risk with geographical dispersion growing into phase 2, since it is a natural step to favour local networks to scale up the business effectively.** You should therefore be aware of the consequences when growing further, as a dispersed organization complicate the development in phase 3, and make it hard to keep the core and unite the organization. A guideline is to avoid investing too much in local offices, and instead have local extensions through some employees within research, that would gain most from local presence. In that way, the organization will stay flexible to bring most employees to a central office with a strong culture and close sharing of knowledge in phase 3, even if it results in a compromise with local closeness in phase 2.

- **Going from phase 1 to phase 2, the research division would gain most from the proposed structure.** It is therefore appropriate to have some research locally with individual industry-focus that would favour local networks when scaling up the business, but still making it feasible with the prior and later phases.
6 Discussion

Headhunting have an important role in finding the right people in a globalised world, and contribute to the competitiveness of growing companies. As the market grows and start-ups emerge, there is an interest in knowing how to organize, which also can favour other start-ups and similar companies. This have been investigated in this report, and it is clear that the organizational needs of the headhunting-firm change with growth, closely linked to the complexities that come from having a project based work form and being a start-up in the industry of headhunting.

The research in this report aims at filling the theoretical gap pointed out, and can be used by several companies to give guidelines on how to organize. The first area of usage is when building a headhunting firm. For a headhunting start-up, it can be beneficial to know the potential pitfalls of developing the organization according to the needs in an early stage, while dismissing the necessities in later phases. There is a clear risk that you build an organization appropriate for a small headhunting firm, but realize later on that it’s difficult to efficiently change it after the new conditions. The results in this paper should be viewed as guidelines and used by reflecting over the development your start-up will face, and consider how you can act on it early. First of all, you should reflect on the role of important success factors for the company, but also what it will take from management to attain this while successfully growing. Secondly, this report gives insight on the choices of structures you have, and what is important to consider in each growth phase when regarding structural aspects as departmentalization, centralization and geographical dispersion.

The second area of usage is for companies with similarities to the observed headhunting firms. The results can be generalized to other firms since there are many similarities between the studied company and other industries. The factors chosen are with respect to the circumstances of headhunting start-ups, which they share with other companies. Leadership and culture are general aspects to consider as a start-up, and knowledge management are related to working in a project-based organization, making it possible to generalize the results to some extent. First of all, a distinct characteristic that affects the results in this work is project-based work, which means that project oriented organizations can gain from reflecting on the results in this research. Many of the topics discussed are critical for the headhunting firm mainly due to its project-based organization. Specifically, they are recommended to
consider the results directly related to knowledge management, since this complexity comes from the project-based circumstances. This make the discussion generalizable for other project oriented firms as for example a consulting firm. As a consulting firm, you could look at these results to see that sharing of project learnings will get problematic as you grow and is affected by the choice of structure.

Secondly, some of the characteristics studied in this work is directly related to being a start-up. Leadership and culture is general factors with similar importance in many industries, as it relates much to the phase of growth and not only the circumstances of headhunting. Start-ups in general could therefore gain from considering the results related to leadership and culture when growing as a start-up.

However, the results in this paper is only a first step in understanding the choice of structure, as the complexities of growing are unique to each company and also affected by other factors that are not considered in this research. For further research, the impact of the external factors on the choice of structure would be valuable to investigate. These are excluded from this research and could give another perspective on the choice and contribute to understanding the development of the studied case companies. Another aspect that limits the research in this work is the choice of factors studied. The study is limited to investigating network, knowledge management, leadership and culture, but there are other areas that could have a high impact on the choice of structure and therefore be of interest to investigate further. When reviewing the results, there are some findings that show how the study is limited from the choice of factors. First of all, there is a similarity between the development and importance of knowledge management and culture. What have been distinguished during the research is that the function of these factors for headhunting firms somewhat overlap, affecting the analysis conducted. Secondly, the factors are broad and general, making the results hard to apply to unique cases. To give a more detailed view on this could be valuable as a next step in order to act more uniquely on some results.

For further research, there are mainly two recommended areas to investigate, 1) the impact of other success factors and external factors excluded from this work, and 2) how the results change when growing even further, from a small company to a mid-sized company.
A Appendix – Organizational development of interviewed case companies

A.1 Company A

<table>
<thead>
<tr>
<th>Company A</th>
<th>Phase 1 - 1-10 employees</th>
<th>Phase 2 - 11-30</th>
<th>Phase 3 - 31-60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comment on role and working method</td>
<td>Research consultants and recruitment consultants, senior recruitment consultants doing sales. Process with shared client contact but separate tasks, researcher doing first part, handing over to recruitment</td>
<td>Researchers and consultants are separate roles</td>
<td>Researchers, consultants and administrators with clearer roles and incentive structures</td>
</tr>
<tr>
<td>Comment on organisational structure</td>
<td>More and more divided by function (roles)</td>
<td>Local offices with roles divided by function (roles)</td>
<td>Divided by region instead of function</td>
</tr>
<tr>
<td>Comment on what change/choice is driven by</td>
<td>Driven by size, focus on roles was natural. One leader from founding, building the base for network, clients etc.</td>
<td>Size drove expansion and opening of more offices to get local network, even if customers and customer relations can be managed easily centrally</td>
<td>Driven by size, incentives are functionally separated, making it necessary to divide by regions to unite interest of all team members for a culture where you work towards the same goal and share knowledge to strengthen each other instead of own interests. Fewer layers of managers to more easily communicate and share experience and initiatives. Bring the leader closer to the operations</td>
</tr>
</tbody>
</table>

A.2 Company B

<table>
<thead>
<tr>
<th>Company B</th>
<th>Phase 1 - 1-10 employees</th>
<th>Phase 2 - 11-30</th>
<th>Phase 3 - 31-60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comment on role and working method</td>
<td>Researchers and consultants are separate roles with own tasks and responsibilities, working across several projects with different people</td>
<td>Researchers, consultants and administrators with clearer roles and incentive structures</td>
<td></td>
</tr>
<tr>
<td>Comment on organisational structure</td>
<td>Everyone works across industries, services</td>
<td>Divided by service</td>
<td>Structurally decentralized, divided by service, but one central office</td>
</tr>
<tr>
<td>Comment on what change/choice is driven by</td>
<td>History of one leader, leading the way for how you work</td>
<td>Size drive need to divide the operations and work together with the same people (to openly prioritize between projects)</td>
<td>Driven by size, changed to also divide administration by service to more easily make decisions specialists in the demands of that service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>By service is the best way to divide the organisation since industry knowledge isn’t as clearly built up in this early stage, and network of candidates can be jointly used within a service</td>
<td>Driven by profitability, divide roles to get efficient tasks and have an incentive system and one office to have an open culture where you share knowledge and experience</td>
</tr>
</tbody>
</table>
### A.3 Company C

<table>
<thead>
<tr>
<th>Comment on role and working method</th>
<th>Phase 1 - 1-10 employees</th>
<th>Phase 2 - 11-30</th>
<th>Phase 3 - 31-60</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Junior consultants, Project leaders and Senior Consultants/Partners belong to 4 different sub-companies.</td>
<td>- Junior consultants, Project leader and Senior Consultants/Partners form teams. Each role has clear tasks and responsibility in the process.</td>
<td>- All companies merged into one structurally decentralized company, divided by services in one central office.</td>
<td>- Driven by size, a pool of researchers that are available cross services will be introduced to further be able to share knowledge and network and strengthens a culture of sharing. - To be able to better work with the growing network a service division was the logical choice. This enables a joint usage of candidates and a more effective process for the company.</td>
</tr>
</tbody>
</table>

| Comment on organisational structure | - Each service representing a small sub company. | - All roles work across industries and regions | - Regionally divided by service |

| Comment on what change/choice is driven by | - Top-driven by a clear leader in the founder of the family owned company. With a very outsleap brand with different sub-companies, a clear leader was vital to portray what the company stood for. | - Top-driven, by a clear leader who portrays the culture and mission of the company | - Due to the increased size, more offices were opened to get local networks |

### A.4 Company D

<table>
<thead>
<tr>
<th>Comment on role and working method</th>
<th>Phase 1 - 1-10 employees</th>
<th>Phase 2 - 11-30</th>
<th>Phase 3 - 31-60</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Researchers and consultants are separate roles with own tasks and responsibilities, working across projects</td>
<td>- Researchers and consultants are separate roles</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

| Comment on organisational structure | - All roles work across industries and regions | - Regionally divided by service | |

| Comment on what change/choice is driven by | - Top-driven, by a clear leader who portrays the culture and mission of the company | - Due to the increased size, more offices were opened to get local networks | |

### A.5 Company E

<table>
<thead>
<tr>
<th>Comment on role and working method</th>
<th>Phase 1 - 1-10 employees</th>
<th>Phase 2 - 11-30</th>
<th>Phase 3 - 31-60</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Researchers, recruitment consultants and sales work across different projects, with sales as project leader</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

| Comment on organisational structure | - Research and sales divided by region with several smaller offices. Recruitment consultants centralized | - | |

| Comment on what change/choice is driven by | - Size drove geographical expansion to broaden network but trying to keep recruitment centralized to enhance culture | - | |
### A.6 Company F

<table>
<thead>
<tr>
<th>Comment on role and working method</th>
<th>Phase 1 - 1-10 employees</th>
<th>Phase 2 - 11-30</th>
<th>Phase 3 - 31-80</th>
</tr>
</thead>
<tbody>
<tr>
<td>Researchers, headhunters and sellers are separate roles with separate responsibilities within the franchise-based organization. Each franchise has a leader chosen by the CEO.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comment on organisational structure</td>
<td>- All roles work across industries.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comment on what change/choice is driven by</td>
<td>- One clear leader in the CEO and founder, who embodies what the company is and stands for.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# B Appendix - Company specific results on importance of internal factors

## B.1 Network

<table>
<thead>
<tr>
<th>Company</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
<td>1. Your network is your quality and competitive advantage</td>
<td>1. Network is competitive quality insurance</td>
<td>1. Needs to be easily managed for matching purposes</td>
</tr>
<tr>
<td></td>
<td>2. Specifically recruit people with client network for sales</td>
<td>2. Reference projects confirm a qualitative network</td>
<td>2. Have built up database and systematization of network, making the matching skills more important</td>
</tr>
<tr>
<td>Company B</td>
<td>1. Coming from a background with network as ground for founding</td>
<td>1. The brand is a part of the network, not only the individuals</td>
<td>1. Established data bases and systems for managing network</td>
</tr>
<tr>
<td></td>
<td>2. Network is about relations and therefore based on individual networks</td>
<td>2. It's strengthened and expanded under the name of the brand</td>
<td>2. Research process start in the individual network and external sources as LinkedIn, before reaching to e.g. internal data bases and meetings</td>
</tr>
<tr>
<td>Company C</td>
<td>1. Network is a natural extension of the founding family</td>
<td>1. Network links more closely to brand instead of individuals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Family business with roots in individual relations and trust</td>
<td>2. Creating a network around the brand with e.g. network meetings and seminars</td>
<td></td>
</tr>
<tr>
<td>Company D</td>
<td>1. Individual networks from the employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. High and natural sharing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company E</td>
<td>1. Network represent the niche, what you build your business on</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Build up and unite the individual networks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company F</td>
<td>1. The business idea is to have a digital network only visible when finders are active</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Client network is individual box</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Needs to be systematized to be used competitively and efficiently by a large organization and different people

### Description

- Needs to be strengthened in the transition from being individual-based to being related to the brand
- Business is created around the network, why it exists naturally in the beginning
- Depends heavily on individual networks without the need for active management

1. Role of network
2. Management of network
# B.2 Knowledge management

<table>
<thead>
<tr>
<th>Company A</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Building of knowledge by gathering and extend</td>
<td>1. Teach existing knowledge, skills and network</td>
<td>1. Build matching knowledge since it gets increasingly important as a competitive advantage when network can be built through e.g. LinkedIn.</td>
<td></td>
</tr>
<tr>
<td>2. Specifically recruit people with client network for sales, industry experience and role experience to build competence of matching</td>
<td>2. Knowledge is taught by “learn by doing” in tight teams, whilst network is already shared with existing tools internally and externally through e.g. LinkedIn</td>
<td>2. Matching competence is therefore recruited before network competence</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company B</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Due to the small size of the company, it is not something that has to be worked with</td>
<td>1. To share the internal knowledge more effectively</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Everyone shares easy and naturally</td>
<td>2. Having functional teams and introducing a “learning by doing” method</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company C</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Knowledge building to be built within the small sub-companies but no focus on sharing within the whole organization</td>
<td>1. Transfer the big knowledge base enabled by the merge of sub-companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Very high and natural sharing within them</td>
<td>2. Functional teams with a pool of researchers to build and transfer knowledge</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company D</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Build know-how and network based around individuals</td>
<td>1. Build and share existing knowledge and network</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Not needed to be worked with</td>
<td>2. Having regional teams building local know-how and networks</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company E</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Manage high rotation of employees</td>
<td>1. Work with systematized “learn-by-doing”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Creating on-boarding processes and hand books with guidelines to teach new employees efficiently, since the high rotation of employees complicates knowledge transfer</td>
<td>2. Work with ability and focus on scaling network and resources</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company F</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Build knowledge with franchisers, more than focus to share between them</td>
<td>1. Recruit people with prior experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Teach closely and separately to let them run independently with low transfer</td>
<td>2. Skills are taught easily and knowledge is shared naturally</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Network and resources are in place
- Focus on specialist matching skills to use resources, and incentives to motivate sharing

- Description
  1. Role of knowledge management
  2. Management of knowledge management
### B.3 Organizational culture

| Company A | 1. Be personal to strengthen relations in a generally stiff industry  
2. Have a easygoing and humorous culture | 1. Size makes it easy to lose personal relations and culture needs to define the brand and people  
2. Performance based work harmed the culture, motivating a new incentives structure | 1. Keep easygoing culture through a provision based incentive system that performs  
2. Less managers and layers of hierarchy |
| --- | --- | --- | --- |
| Company B | 1. No clear role for the organization  
2. Not actively worked with; as everyone knew each other and the culture very well | 1. Enhance a unified company even with a functional division  
2. Need to conceptualize and articulate the culture and its foundation to unify the company | 1. Unifying the company by further culture engagement  
2. Create an incentive system |
| Company C | 1. A close-knit family culture  
2. The founder embodies the culture | 1. Unifying culture that increase professionalism in a functionally divided company  
2. Have a shared pool of researches to increase culture of sharing knowledge | |
| Company D | 1. Personal culture to stand for more modern way of conducting headhunting  
2. Embodied through CEO | 1. Make a unified company possible, even with regional divisions  
2. Needs to be clarified and actively managed, and worked with through help of leaders | |
| Company E | 1. Explicit culture is important because of the high rotation of employees  
2. Lived through the leader | | |
| Company F | 1. Entrepreneurial culture  
2. Culture is embodied through the CEO, which is also true for the franchise leaders | | |

**Description**

1. Role of culture  
2. Management of culture

- Culture is built around leaders  
- Important but naturally managed through the central leader living it

- Culture is crucial to manage a large organization  
- Systematic tools as incentive systems should therefore be built to support it

• Size and a split organization typically harm the culture  
• Needs to be clarified and actively managed, as the leader becomes insufficient to symbolize it
## B.4 Leadership

<table>
<thead>
<tr>
<th>Company A</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Entrepreneurial role of the leader, closely connected to the core of network</td>
<td>1. Leaders part of local business and influencing units</td>
<td>1. Big organization demands one uniform vision and culture, therefore needs one leading figure</td>
</tr>
<tr>
<td></td>
<td>2. Leader is engaged in operations and motivate employees</td>
<td>2. More layers to manage a geographically split organization since leaders needs to be locally</td>
<td>2. Need to bring operations closer to leader simply to ease communication and knowledge transfer over regions, therefore slim the organization with fewer layers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company B</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Leader standing for what the company is</td>
<td>1. Leaders close to the operational group to influence the everyday business</td>
<td>1. Closeness to role models is more important than one clear leader figure</td>
</tr>
<tr>
<td></td>
<td>2. One clear leader patrioting the values</td>
<td>2. The functional division complicated and diminished the role of one leader, and instead lead to closer leaders in each functional group</td>
<td>2. The leader is not a central role since the mature functional organization has separate clear leaders</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company C</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Unify different parts of the company under one brand</td>
<td>1. Unifying the organization into one company with functional divisions rather than separate sub-companies,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Of utter importance with one leader to be able to unify the different sub-companies under one family name</td>
<td>2. Created one additional layer and the leading role had to be pushed down functionally to each team leader</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company D</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Leader personifying culture and standing for what the company is</td>
<td>1. Locally part of the everyday business, influencing employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Portraying culture and motivating employees</td>
<td>2. Greater need for local managers as geographical division implies more layers</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company E</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Setting the culture and spirit</td>
<td>1. As the organizations grows and divisions are created, leadership needs to be close to the units, creating several layers with local leaders influencing teams</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. 1 leader symbolizing the entrepreneurial spirit leading by playing a big role of the operations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company F</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Leader personifying the values and vision</td>
<td>1. As the organizations grows and divisions are created, leadership needs to be close to the units, creating several layers with local leaders influencing teams</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. One leader portraying the entrepreneurial way of working with headhunting</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- One leader influence the culture
- Has to drive change by playing a big role in the everyday operations

- Locally, role models are needed
- A united leader needs to be brought close to the operations

**Description**

1. Role of leadership
2. Management of leadership
### C Appendix - Importance of Critical Factors through Growth

<table>
<thead>
<tr>
<th></th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company A</strong></td>
<td>6</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Company B</strong></td>
<td>2</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>9</td>
<td>5</td>
</tr>
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<td><strong>Company D</strong></td>
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<tr>
<td><strong>Company E</strong></td>
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<td><strong>Company F</strong></td>
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<th>Network</th>
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<td>Culture</td>
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<td>Leadership</td>
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## D Appendix - Interviews

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<th>Company</th>
<th>Role of interviewee</th>
<th>Time of interview</th>
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<tr>
<td>Company A</td>
<td>CEO, background in other headhunting firms</td>
<td><em>March 2017</em></td>
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<tr>
<td>Company B</td>
<td>CEO in company division, background in the financial industry</td>
<td><em>March 2017</em></td>
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<tr>
<td>Company C</td>
<td>CFO for the company as well as COO for one of the functional divisions</td>
<td><em>March 2017</em></td>
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<tr>
<td>Company D</td>
<td>Founder for the company, with a background in the recruiting industry</td>
<td><em>April 2017</em></td>
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<td>Company F</td>
<td>Founder and CEO of company. Background within the headhunting industry.</td>
<td><em>March 2017</em></td>
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</table>
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