Facilitating control in growing organizations
A study of new requirements on systematization

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Master of Science Thesis
Stockholm, Sweden 2013
Att underlätta kontroll i växande organisationer
En studie av nya krav på systematisering

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Abstract
Organizational growth poses new challenges for top management. In small organizations, coordination and communication is spontaneous and require little structure to be efficient. However, as the organization grows, the increased number of individuals requires a larger amount of coordination and communication.

In this study, our purpose is to increase understanding of why growing companies are experiencing challenges with coordination as well as to increase organizational control. To fulfill this, we study one organization in particular. In order to find a sustainable solution, we investigate why these challenges are experienced. We argue that addressing the underlying causes for experiencing these challenges is the most effective solution in the way that it ensures that the same challenges do not recur. Therefore, the relationship between the challenges that are articulated by the organization and the underlying causes for the challenges is central to our study.

Our study shows that our object of study would benefit from an increased internal focus to enable for long-term growth. This finding supports several existing models for organizational growth. Our object of study currently employs few systematized internal processes and is in need of further systematization with regards to several aspects, such as strategy development and implementation and organizational control. Our study further shows that a lack of systematization on a managerial level leads to ambiguities that are translated to the operational level. This explains the discrepancies between the challenges that are expressed by the organization and their underlying causes.

Key-words
Organizational growth, organizational control, strategy, standardization, systematization, coordination, long-term growth, decision making
Sammanfattning
Organisatorisk tillväxt innebär nya utmaningar för företagsledningen. I små organisationer sker koordination och kommunikation spontant och kräver inte särskilt mycket struktur för att vara effektiv. När organisationen växer, gör emellertid det ökade antalet individer så att mer koordination och kommunikation behövs.


Nyckelord
Organisatorisk tillväxt, organisatorisk kontroll, strategi, standardisering, systematisering, samordning, långsiktig tillväxt, beslutsfattande
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# Table of Contents

1 Introduction ................................................................................................................................... 11
  1.1 Background ............................................................................................................................ 11
  1.2 Purpose and goals ................................................................................................................. 12
  1.3 Research questions ................................................................................................................ 12
  1.4 Delimitations ......................................................................................................................... 12
  1.5 Concepts ................................................................................................................................ 12
    1.5.1 Formal and informal ...................................................................................................... 12
    1.5.2 Scrum ............................................................................................................................. 13
    1.5.3 Definitions of data, information and knowledge .......................................................... 13
  1.6 Structure of the thesis ........................................................................................................... 14

2 Method .......................................................................................................................................... 15
  2.1 Overview ................................................................................................................................ 15
    2.1.1 Our research paradigm .................................................................................................. 15
    2.1.2 Grounded theory ........................................................................................................... 15
  2.2 Our method ........................................................................................................................... 17
    2.2.1 Overview ........................................................................................................................ 17
    2.2.2 Empirical study and analysis .......................................................................................... 17
    2.2.3 Literature study ............................................................................................................. 20
  2.3 Limitations of the research design ........................................................................................ 21

3 Empirical findings .......................................................................................................................... 23
  3.1 Organizational description .................................................................................................... 23
  3.2 Processes within the organization ........................................................................................ 25
    3.2.1 Overview of processes ................................................................................................... 25
    3.2.2 The sales and planning process ..................................................................................... 26
    3.2.3 The production process ................................................................................................. 27
    3.2.4 The handover process ................................................................................................... 29
    3.2.5 The maintenance process .............................................................................................. 30
    3.2.6 The billing process ........................................................................................................ 32
  3.3 Systems for communication and storage of information ..................................................... 32
    3.3.1 Overview of systems used ............................................................................................. 32
    3.3.2 CRM system ................................................................................................................... 33
    3.3.3 Project planning system to use in collaboration with the client ................................... 35
    3.3.4 File server ...................................................................................................................... 35
3.3.5 Timereport ..................................................................................................................... 36
3.3.6 Billing sheet ................................................................................................................... 36
3.3.7 Discrepancies regarding systems used .......................................................................... 36
3.4 Internal communication ........................................................................................................ 37
  3.4.1 Forms for daily communication ..................................................................................... 37
  3.4.2 Internal meetings .......................................................................................................... 38
  3.4.3 Synchronization between different departments .......................................................... 40
3.5 Discovery of underlying challenges .................................................................................... 42
3.6 Development of the internal environment and processes ................................................... 45
  3.6.1 Internal projects ............................................................................................................ 45
  3.6.2 Gathering ideas from the employees ............................................................................ 47
3.7 Vertical integration ............................................................................................................. 49
  3.7.1 Implementation of strategy ........................................................................................ 49
  3.7.2 What is measured? ........................................................................................................ 50
  3.7.3 Organizational culture ................................................................................................ 50
  3.7.4 Decision making ........................................................................................................... 51
  3.7.5 Vertical integration of business objectives ................................................................. 52
  3.7.6 The balance between cost, time and quality in deliveries .......................................... 53
  3.7.7 Managing the client’s expectations ............................................................................ 54
4 Theory ............................................................................................................................................ 56
  4.1 Characteristics of growing firms ...................................................................................... 56
  4.2 Strategy implementation and alignment ........................................................................... 59
    4.2.1 Strategy ....................................................................................................................... 59
    4.2.2 Working with strategy development and implementation ........................................ 61
    4.2.3 Common challenges .................................................................................................. 64
  4.3 Forms of organizational control .......................................................................................... 66
    4.3.1 Overview of forms of control ..................................................................................... 66
    4.3.2 Result control .............................................................................................................. 69
    4.3.3 Cultural control .......................................................................................................... 71
    4.3.4 Control within knowledge-intensive organizations ................................................. 75
  4.4 Decision making ................................................................................................................. 75
  4.5 Empowerment ................................................................................................................... 77
  4.6 Implications of standardization ......................................................................................... 79
  4.7 Gaps in the literature ......................................................................................................... 81
1 Introduction

In this chapter, background to the study is presented, along with its purpose, goals and research questions. Also, the delimitations and the shortcomings of the study are presented. Finally, a few concepts that will be used throughout the thesis and the structure of the remaining thesis are presented.

1.1 Background

Almost all companies strive for growth. Growth is essential for overall economic growth in society (Tillväxtverket, 2013), but also has a number of benefits for the individual organization, such as economies of scale, ability to withstand market fluctuations, greater shareholder return and increased prestige, as discussed by the contemporary business magazine Inc.com (N.d.). Organizational growth continuously poses new challenges for top management. When an organization is rather small, coordination and communication is spontaneous and require little structure to be efficient. However, as an organization grows, the increased number of individuals requires a larger amount of coordination and communication.

Our study investigates the challenges with coordination and communication that are experienced by growing organizations through studying one company in particular. Our object of study has been growing slowly but steadily since its founding 15 years ago, currently employing around 30 individuals. However, the company is still ruled by the mentality of a small company, where knowledge and information is transferred from person to person when needed. Following its growth, the company has in the recent years begun to experience challenges with communication and coordination. Employees are experiencing a lack of insight into what is going on in other parts of the organization, which leads to coordination difficulties and duplication of work. This, in turn, leads to a sensed loss of control; a challenge that has been described by several authors such as Bolman & Deal (2008) and Greiner (1998). Control is necessary to achieve an effective organization.

Our object of study has expressed a wish for assistance in achieving increased coordination and communication as described above. The company’s management team already has some picture of areas in need of standardization but experiences difficulties making the shift. In order to find a sustainable solution for the coordination and communication challenges, we therefore investigate why these challenges with achieving the desired coordination are experienced. We argue that addressing the underlying causes for experiencing these challenges is the most effective solution in the way that it ensures that the same challenges do not recur. Therefore, this study investigates the relationship between the challenges articulated by the organization’s management, and the real underlying organizational challenges. We see this as an important contribution to both practice and science.

In order to navigate these newly appeared growth challenges, the organization needs a plan of action – a strategy. In order to implement the strategy, the organization needs control. (Söderlund & Tell, 2012) In examining why the challenges with coordination are experienced, we therefore also examine the organization’s current strategic work, as well as the current organizational control system and the change in requirements on the system that follows the growth of the company.
1.2 Purpose and goals
The scientific purpose of the study is to increase understanding of why growing companies are experiencing challenges with coordination within the organization.

The practical purpose of this study is to increase organizational control and understanding of upcoming challenges due to growth.

The goal of the study is to analyze the company’s articulated challenges with the support of existing theory in order to understand why these are experienced, as well as to suggest improvements for the company’s organizational control.

1.3 Research questions
- Why are growing organizations experiencing challenges with achieving coordination?
- How can the coordination challenges be addressed in a way that enables long-term sustainable growth?

1.4 Delimitations
Due to the study being conducted within a limited amount of time, we have to make some delimitations.

First of all, we are not in further detail investigating the articulated challenges that are experienced at our object of study. Since the aim is to understand what causes them, we are not studying details regarding the articulated problems. This is, we are not going into any depth regarding for instance models for information and knowledge transfer.

Secondly, we are not investigating a possible implementation of our recommendations on a concrete level. A possible implementation of our recommendations would come after the completion of this study.

Thirdly, we are only studying this problem in one particular context, namely a Swedish company employing approximately 30 individuals, developing technical solutions for the financial industry. The context will be further presented and discussed in Section 3. Since we only study this particular context, we cannot guarantee the general applicability of our empirical findings. Instead, we will use existing theory to evaluate the generalizability of our results.

1.5 Concepts
In this section, we present a few key words and concepts that will be used in this thesis.

1.5.1 Formal and informal
A lot of our discussions concern formalization of actions. Hence, we here define what we refer to as we write about formal and informal in the organizational context.

*Informal*, freely translated from the Nationalencyklopedin (2013): Which satisfy certain demands on the format, that fills a specific purpose and that highlights a certain format.

Our translation into our specific context: *Decided by a predefined format. Usually resulting in some kind of written output. Time has been specifically set aside for the activity and time and place has often been set.*
Informal, freely translated from the Nationalencyklopedin (2013): Which is characterized by a minimum of external format, such as etiquette, conventions and such.

Our translation into our specific context: Free format, minimum of conventions and seldom resulting in written output. Can be in the form of spontaneous meetings, dropping by or making a decision in a non-standardized, ad-hoc manner.

1.5.2 Scrum
Two departments at our object of study use the project methodology Scrum. We will therefore here make a short presentation of the methodology.

Scrum is an agile software development method. It comes from the idea that many of the processes during development are hard to predict. The two parts that are considered to be defined are the start and the finish. The processes in-between needs to be kept flexible and is structured in sprints; planning broken down into shorter time blocks. Within these blocks, once planning is made, no new requirements can be added. (Vlaanderen, Jansen, Brinkkemper, & Jaspers, 2011)

The Product Backlog is central to Scrum. It contains a prioritized list of requirements relevant to a specific product. Once a requirement has been specified it, with the approval of a developer, is copied from the Product Backlog to the Development Sprint Backlog. The specified requirements are then assigned to a resource as tasks. There are two recurring meetings in Scrum: the stand-up-meetings and the sprint planning. The stand-ups are 15 minutes of meetings in the start of each day. The sprint planning is a meeting with the development teams where the Product Backlog is negotiated, accepted and incorporated into the Development Sprint Backlog. (Vlaanderen et al., 2011)

1.5.3 Definitions of data, information and knowledge
Since our object of study is experiencing challenges with knowledge and information transfer, we here define the concepts of data, information and knowledge.

Data can be defined as a set of discrete and objective facts about events. (Davenport & Prusak, 1998; Malhotra, 2001)

Dosi et al. (1996, p. 17) defines information as follows:

“well stated and codified propositions about states-of-the-world (e.g. it is raining...), properties of nature (e.g. A causes B), identities of the other agents (e.g. I know Mr. X and he is a crook...) and explicit algorithms on how to do things.”

Knowledge is defined by Dosi et al. (1996, p. 17) as:

“cognitive categories, codes of interpretation of the information itself, tacit skills and search and problem-solving heuristics irreducible to well defined algorithms”

Data, information and knowledge are not standalone concepts, but intertwined. As argued by Malhotra (2001), information is data that have been interpreted and given meaning. Similarly, Davenport & Prusak (1998) argue that data is transformed into information through adding value to the data, for instance through contextualization.
Davenport & Prusak (1998) further emphasize that knowledge derives from information just as information derives from data. The transformation from information to knowledge must be done by humans, through for instance comparisons. This view is supported by Malhotra (2001), who argue that knowledge is created when information is used and acted upon.

Taking all the above into account, the relation between the three entities data, information and knowledge can be described as follows:

![Figure 1: Relation between data, information and knowledge](image)

### 1.6 Structure of the thesis

This study takes place in a specific social context, why we choose an inductive approach inspired by grounded theory. Therefore, we begin our study in the empirical data and then use theory to explain the challenges, the relationship between them, and understand how organizations can work with these in a sustainable way. This is explained and discussed further along with the presentation of our method in Section 2, but also has some implications for the structure of the thesis, which we will now present.

The thesis begins with a presentation and argumentation for our chosen method for the study. Following this, we present our empirical findings, beginning with an empirical description, where our object of study is described, in order to gain an understanding of the particular context in which our study has been conducted. The empirical findings thereafter continue with presenting the findings from our empirical data collection. We choose to begin with presenting the empirical findings since they are necessary in order to understand the relevance of the literature study, which is presented after the empirical study. Following that, we are presenting our analysis where the empirical findings and the existing theory is combined, followed by conclusions and discussion. Finally, we present the limitations of our study and some possible topics for future research.
2 Method

In this section, the chosen method is presented and argued for, both on a comprehensive level and in more detail. The section begins with an explanation of the context of our study and its implications for the nature of our research, followed by a description of our method and the limitations of the chosen method.

2.1 Overview

2.1.1 Our research paradigm

In this study, we aimed to gain an understanding of the underlying causes for the articulated challenges with coordination in this particular social context, and to improve organizational control through studying these challenges along with theory. We also aimed to make suggestions as to how companies in the same situation can work with the challenges found based on our findings from this particular object of study. Thus, the study contains elements of both deductive and inductive nature.

We have been located close to our research object during the whole study through being seated at the company’s office. We have also both been working at the company during the time of the study. One of us has been working at the company prior to the study as well, bringing prior knowledge to the project. There is a risk that this knowledge that has been gained through being a part of the social context is subjective and has made us biased to the object of study. It is also possible that we due to our prior knowledge about the organization have viewed certain things as pre-understood, and therefore not investigated them as closely as a researcher not related to the organization would have done. However, our relationship to the object of study also brings benefits. For instance, we have had easy access to information. We have also had a greater initial understanding for the organizational structure which has made initial information gathering regarding the object of study and the context more rapid. Concluding the above, we must be seen as part of the object of study, having both positive and negative implications for our study. Hence, we have chosen to be visible throughout this report.

Our study is of qualitative nature and subject for subjective evaluations. We argue that the social reality cannot be entirely objective and consider the subjectivity necessary. As a result of this, along with our close involvement with the object of study, the study is primarily of interpretivistic nature. However, the study also contains some elements of positivism, such as our aspiration to make improvements to a particular organizational context through studying general theory.

2.1.2 Grounded theory

Our study has to a large extent been inspired by grounded theory, defined by Glaser & Strauss (2009, p. 1) as “the discovery of theory from data”; data that is systematically obtained from social research. In other words, grounded theory is a data heavy methodology aimed to construct theories grounded in the data. (Charmaz, 2006)

Corbin & Strauss (1990) emphasize the interrelation of data collection and analysis within the grounded theory practice, and states that the analysis should begin as soon as the first bit of data is collected.
According to Collis & Hussey (2009), a grounded theory approach can be summarized into three stages:

1. An initial attempt to develop categories illuminating the data.
2. An attempt to saturate these categories with many appropriate cases in order to demonstrate their importance.
3. Developing these categories into more general analytic frameworks with relevance outside the setting.

Corbin & Strauss (1990) argue that every new concept that is discovered during the process must first be considered temporary. For the concept to make its way into theory, it must be repeatedly present in each interview, document or observation, or it has to be significantly absent.

According to Corbin & Strauss (1990), analysis of grounded theory consists of three different types of coding that are used in different stages of the analysis process:

- **Open coding**, that breaks data down analytically. Events, actions and interactions are compared against others for similarities and differences, and are labeled conceptually.
- **Axial coding**, that relates categories to their subcategories and tests the relationships against data.
- **Selective coding**, that unifies all categories around a central “core” category. This form of coding occurs in the later phases of the study and represents the central phenomenon on the study.

In other words, grounded theory analysis is a data-driven form of thematization. Themes are identified in the data rather than categorizing data into themes found in theory. It is an inductive analytical approach. (Boyatzis, 1998)

We chose to use an approach inspired by grounded theory due to our aim to discover and understand the real underlying causes for the articulated challenges. Since grounded theory is a data-driven methodology, this minimized the risk of being biased due to existing theory. However, since grounded theory is a very time consuming methodology and our study has had certain time constraints, we have not been able to adopt the grounded theory practice completely. Therefore, we have chosen a more abductive approach, where a literature study was performed simultaneously to the empirical study. We have, however, incorporated several characteristics from the grounded theory practice, such as a heavy focus on data. Our study commenced in the empirical data from our first interviews. Further, we have used analytical methods from the grounded theory practice, such as the three forms of coding described above. How these methods have been used in practice will be explained in further detail in sections 2.2.2.2 and 2.2.2.4. We have, however, also used existing theories to explain and discuss the phenomenon that we have found in the data, which is not strictly ground theory practice. Therefore, we cannot to argue that we have used a complete grounded theory approach.
2.2 Our method

2.2.1 Overview
The empirical study consisted of two rounds of interviews, each followed by analysis. A synoptic literature review was performed in the beginning of our study, and a more comprehensive one after our empirical study.

![Figure 2: Overview of our methodology.](image)

2.2.2 Empirical study and analysis
As stated in Section 2.2.1, the empirical study consisted of two rounds of interviews. Interviews were chosen as a research methodology as it enables for asking complex questions as well as following up questions; something that was necessary to understand the social context and the organizational challenges. Also, interviews, as opposed to for instance observations, were considered to be feasible within the time frame of this study. However; despite not being able to perform planned observations, some spontaneous observations have been made. These will be discussed further in the later sections.

By dividing the empirical study into two parts, we were able to analyze and categorize the results from the first interviews and use these categories as input into the second round of interviews. This enabled for a deeper understanding and further deriving of why the articulated challenges occur, through one more iteration investigating deeper lying causes. Performing a second round of interviews also enabled us to achieve saturation in the empirical material. The purpose of the first round of interviews was to gain an overall picture of the company’s current business process, and to understand the articulated challenges within the process. During the second round of interviews, we focused on further exploring the challenges found during the first part of the study.

2.2.2.1 The first round of interviews
The first round of interviews consisted of nine interviews with employees having business responsibility at our object of study:

- One member of the top management
- The three heads of departments
- Two employees in a technical sales role
- Two employees from accounting
- One employee from the sales department
We used a top-down approach for this round of interviews, beginning with interviewing one member of the top management in order to first get the big picture, and thereafter going into specifics with the other interviewees.

In order to gain an understanding for the organization’s current ways of working, we in this first round of interviews focused on the current business related processes within the company. During the interviews, which were of semi-structured nature, we asked the interviewees to describe the processes in which the interviewee participated and the flow of activities within these. Particularly, we focused on communication and knowledge management within these processes, since these areas were articulated by our object of study as being challenging. We also asked the interviewees regarding experienced challenges in general in order to gain more perspectives of which parts that were seen as challenging. The interview templates are found in Appendix 2. Because of the broad nature of this round of interviews, aiming to get an understanding for the current state of the business process, the interviews consisted mainly of open questions where the interviewee was asked to talk about a topic quite freely. We also used a few closed questions, along with probes to get a better picture of the activity flow during the business process. The interviewees were also asked to sketch the business process form their point of view on a free form on a blank paper. The questions were arranged to mimic an hourglass; beginning with a broad introduction and open questions, in order for the interviewee to become comfortable. We then moved to more specific questions, after which we zoomed out again, ending the interview in a broad manner through discussing conclusions.

The interviewees were interviewed in Swedish for one hour each in a separate conference room. One of us researchers took the lead at the interview, while the other one took a more passive role, mainly asking follow-up questions. All interviews were recorded on two devices simultaneously and thereafter transcribed word-by-word in Swedish.

2.2.2.2 Analysis of data from the first round of interviews
Data from the first round of interviews was used in two ways. First, we drew a graphical image of the current business related processes, in order to understand the current state of the on-going work in the organization. Second, the data was also used to identify articulated challenges in the current business processes.

As discussed in Section 2.1.2, our study was inspired by grounded theory. Therefore, we have used analytical methods from the grounded theory practice. Our analysis was based on an assumption that the challenges that were articulated by our object of study were symptoms of a deeper organizational challenge. This organizational challenge corresponds to the “core” category that is to be developed through selective coding.

First, we used open coding to break down the empirical data analytically and categorize the different statements into symptoms. We thereafter used axial coding to relate the categories to each other, and relate whether similar symptom categories were expressions of the same cause. During this process, we built a tree of cause-effect relationships in order to discover the underlying organizational challenge.
Below, a simplified model of our tree is shown.

![Model of our cause-effect tree]

The empirical data from the first round of interviews was not sufficient to derive all organizational symptoms to one cause. In other words, we did not have enough data to perform a sufficient selective coding. Therefore, the top nodes in the tree became our focus areas for the second round of interviews.

The quotes that are used in the analysis have been translated from Swedish to English. During the translation, some re-arranging of wording had to be done in order to make the quotes understandable. Therefore, the wording is not exact.

2.2.2.3 The second round of interviews

The purpose of the second round of interviews was twofold: (1) to continue investigating the causes for the experienced organizational challenges and (2) to ensure that saturation was achieved regarding the cause-effect relationships in our analysis.

The second round of interviews consisted of six interviews with employees on different levels in the organization. Three of the interviews were follow-up interviews with interviewees from the first round of interviews.

These follow-up interviews were with:

- One member of the top management
- The head of production and consulting and the head of maintenance

We also interviewed the following three not previously interviewed employees:

- One employee at the sales department
- Two developers, one from the production department and one from the maintenance department.

All interviews were, like in the first round of interviews, of semi-structured nature, consisting of open questions. Themes for the interviews were derived from our findings from the first round of
interviews and the focus shifted slightly depending on the interviewee’s position. We used three different interview templates, which are found in Appendix 2.

Due to these interviews being more specific as well as several of them being follow-up interviews, there was less need for broad general questions. In our first round of interviews, we had seen that these broader questions were the most time-consuming questions. We therefore saw that we in this second round of interviews could shorten the allocated time for the interviews to forty minutes due to less general questions. Like in the first round of interviews, the interviewees were interviewed in Swedish in a separate conference room. One of us researchers took the lead at the interview, while the other one took a more passive role, mainly asking follow-up questions. All interviews were recorded on two devices simultaneously and thereafter transcribed word-by-word.

2.2.2.4 Analysis of data from the second round of interviews
As discussed above, the purpose of the second round of interviews was to continue investigating the causes for the organizational challenges and continue building on the tree of cause-effect relationships, as well as to ensure that saturation was achieved in the empirical data. The analysis of data from the second round of interviews picked up where the analysis of the data from the first round of interviews left off.

First, we used open coding to break down the empirical data analytically and categorize the different statements. We thereafter used axial coding to relate the categories to each other, and relate the categories to existing categories in our cause-effect tree. Thereafter, selective coding was used as we tried to unify all categories around a central “core” category, or a “core” problem. However, we were not able to derive all challenges to one single category, but ended up with a number of categories to discuss further based on existing theory.

Simultaneously with the axial and selective coding, the largest part of our literature study was conducted. Literature search were guided by the categories we had found in our empirical data. Literature was then used to explain and discuss our findings. We also used literature to be able to support or reject our findings.

Same as for the first round of interviews, the quotes that are used in the analysis have been translated from Swedish to English.

2.2.2.5 Observations
We have been located at the company during the whole process, resulting in spontaneous observations and discussions with the employees. Discussions have come up with the employees in the staff coffee room as well as in the open-plan office. These observations have only been included in our empirical study to a minor extent, but have nevertheless been influencing us in the way that we have constructed the study.

2.2.3 Literature study
Our literature study was conducted in two parts. The first and smaller part took place in the initial part of the study and was conducted in a synoptic manner, covering general topics such as information and knowledge management, organizational communication and organizational effects of process standardization. The purpose of this initial literature study was mainly to achieve a general overview of the topic of study and to enable us to identify gaps in the literature, to which our research could contribute scientifically.
The second and larger part of the literature study was conducted after finishing our two empirical studies. Here, our aim was to use theory to explain the challenges, the relationship between them, and understand how organizations can work with these challenges in a sustainable way. Therefore, this latter and larger part of the literature study was tightly controlled by our empirical findings.

The literature study has been conducted using reliable and renowned sources such as articles published in journals and renowned books on the subject. University textbooks have been used to some extent to gain an overview of some of the concepts. However, when possible, we have back traced this theory to its original source. We have also strived to use articles written during the last one or two decades when possible. We have, however, used older articles in some cases, due to a lack of modern research on the particular subject. When possible, we have tried to combine these older sources with newer ones.

2.3 Limitations of the research design
Since this study is of qualitative and interpretivistic nature, it is inevitable that the choice of characteristics to accentuate is unaffected by the researchers’ prior knowledge. Both knowledge regarding the company and knowledge regarding the areas of research have affected our selection of material to present. Using a deductive approach would have enabled for more objectivity and reliability, but on the other hand, the inductive approach enables for a higher level of validity of the results.

Due to the time constraints of the study, we have not been able to fully adopt the grounded theory practice. Instead, we have used existing theory to support the axial and selective coding. Perhaps using a pure grounded theory approach would have generated a greater scientific contribution and minimized the study’s bias due to existing literature. We have, however, been able to make scientific contributions to some gaps in the literature. We have also strived to minimize bias through being strictly guided by the empirical data in our literature search.

Further, the grounded theory approach implicates that our results and conclusions are very closely tied to this particular context. The generalizability of the results might have benefited from a more deductive approach, but we argue the inductive approach to be necessary in order to gain the desired understanding of the social context.

By conducting interviews, it is only possible to get data that is subjective from the interviewee’s point of view. It is likely that the data already will be filtered, processed or aligned, or that the interviewee has an agenda of his or her own. It would have been beneficial to also perform planned observations, such as shadowing of an employee, at the company in order to be able to study how for instance communication within the organization looks in reality, as opposed to only receiving the filtered, processed and aligned data from an interviewee. However these kinds of observations are time consuming and would not fit within the time limits of this study. Through being seated at the company, we have been able to perform spontaneous observations, as discussed in Section 2.2.3.5. However, due to the spontaneity of these observations, these have not been recorded in any way, why there is a large risk for bias. Further, spontaneous observations, as opposed to shadowing, or other longer continuous planned observations, can only result in fragments of a working day. Therefore, we have strived to not use or be affected by these spontaneous observations.
Further, we have only studied one company, along with theory on the subject. It would have beneficial to extend the empirical research into studying also how other companies are managing these challenges. However, this has not been possible, due to the time and resource limits of the study. Therefore, we cannot guarantee the applicability of our findings to a general context. This and its implications for future studies will be discussed further in Section 8.

Finally, due to the empirical study being performed at a Swedish company while the thesis is written in English, we have had to translate parts of the empirical material. This can lead to somewhat of a reduction in detail, as well as unintentional impact on the content as a result of our bias affecting the translation.
3 Empirical findings
In this section, a closer look is taken at the object of study. First, a brief description of the organization in question is provided. Following this, the material distilled from the first round of interviews where the current ways of working and the challenges as perceived by the organization is investigated. A description of the existing processes within the organization is presented, followed by a closer look at knowledge and information management within the organization in sections 3.3 and 3.4; an area experienced by the object of study as challenging. In Section 3.5 the empirical findings from the first round of interviews is summed up and the categories that were developed during the first analysis is presented. These categories were further investigated during the second round of interviews. The findings from this second round of interviews are presented in sections 3.6 and 3.7.

3.1 Organizational description
This Section provides a brief presentation of our object of study.

The company is a Swedish independent provider of technology solutions for financial information, founded as a private corporation by private investors around year 2000.

The company has a diversified portfolio of products and services; ranging from data services, analytical tools, web solutions to consulting services. Some of the products are institutional standard products that are developed internationally by affiliated companies. These products only have sales in Sweden, while the other products have both sales, production and maintenance functions in Sweden. The company’s products and services target a wide range of end users: private consumers, financial advisors, organizations and financial institutions.

The company’s main competitors are the banks’ internal IT departments. According to our object of study, these often have a rigid structure and long lead times, why the company’s primary competitive factors are flexibility and speed. This has certain implications for the work performed within the organization, which will be discussed later in this thesis.

In 2011, the company had a turnover of 37.5 million SEK and a compound annual growth rate of 23% since the start.

According to the company’s annual report, the company employed 23 full-time workers in 2011. Not considering that some employees do not work full time, the company in total today employs 25 individuals in total. It also has 6 long-term consultants, which makes a total of 31 individuals. From 2007 to 2008, the number of employees was doubled, but has not grown much since then.
Facilitating control in growing organizations

Empirical findings

The following chart presents the company’s growth since its founding to present time:

![Chart showing company growth from founding to present time]

**Figure 4:** The company’s growth from its founding to present time, based on data from the annual report

The company is currently divided into five departments. Below is an overview of the organizational structure.

![Diagram of organizational structure]

**Figure 5:** Simplified overview of the organizational structure.

The numbers within parentheses refer to the approximate number of employees within each department, excluding a few hourly employees and external consultants. The production and the consulting departments belong to the same manager. Below follows a more detailed description of the different departments.

24
Facilitating control in growing organizations
Empirical findings

- **The maintenance department** works with maintenance and further development of delivered projects, system administration and delivery of standard products. This department is supposed to be the primary contact for existing clients.
- **The production department** is responsible for larger development projects towards external clients, often focused on technology.
- **The consulting department** works close to the client and develops tailored services. Their services and products are focused on methodology rather than technology.
- **Sales** are responsible for creating and maintaining client relations, identifying new market opportunities and selling standard products and advertising space.
- **Editorial** is positioned as being financial experts, and works with creating editorial material for the company’s website towards the private consumer and maintaining the company’s brand.

### 3.2 Processes within the organization

This Section will present the processes, both formal and informal, that we have identified within the organization during our first round of interviews.

#### 3.2.1 Overview of processes

We have distinguished between products that are developed by the company itself, institutional standard products that are developed internationally by affiliated companies, and selling advertising space. These three processes are almost entirely independent. Most of the employees at the company works with the company’s locally developed products, why we will refer to this process as the “main” process. The process for selling institutional standard products and the process for selling advertising space are isolated and do not involve more than one to two employees. Therefore, we will not go into further detail regarding them in the thesis, but they are found explained in detail in Appendix 3. The “main process” will be described in the following section.

The main process has prior to our study only been documented on a low level of detail. Therefore the process charts and descriptions presented in this Section are based on the interviewees’ expressed perception of their work. We have identified five sub-processes: the sales and planning process, the production process, the handover process, the maintenance process and the billing process. The relationship between these processes is shown below.

![Figure 6: Simplified overview of the main process.](image)

A complete process chart is found in Appendix 3. In the following sections, we will discuss each sub-process in further detail.
3.2.2 The sales and planning process

When a new client contact is made, it can be the result of an inquiry coming from the client, through research done or through a contact that is already in the network. When the initial contact is taken, a meeting is set up to discuss the potential case. This meeting is often taking place at the potential client’s office. Usually there are two employees from our object of study going out to make a presentation to the potential client.

The clients rarely have a picture of what they really want. Thus, during the sales phase, the company takes on somewhat of a consultative role.

“[…] they really have no or a rather vague idea of what and how we can help them. And then we have to guide them. Often it is a fairly consultative… sales or learning process with the client. Because they do not know what they should buy and we do not always know what we are going to sell either, no, so it coincides quite well. But you have to well, have an idea and try to see what kind of problems we are going to try to solve, and then we can often solve it in different ways and then you must fit that to what is best.”

After the meeting, the client is usually offered additional material such as technical data. A proposed solution is produced, including problem enunciation, technical coordination and price and time estimation. The dialogue is ongoing and iterative, and this initial phase of the cooperation between the company and the client is finished by the client coming to a decision whether to go on with the deal or not.

The company tries to get started on the project as soon as possible after the client has said yes to the project – often before they have finished negotiating pricing and signed contracts. This is a conscious strategy in order to make the client more committed to the project before the signing of the contract. The company acknowledges that this is a risk, as there is a possibility that the client decides to not accept the offer, which would mean that the company has wasted time. However, it is stated...
that this has never actually happened. Therefore the negotiating and signing of contract and the resource coordination and initiating of the production are two parallel processes, as seen in Figure 7.

The nature of the work with the contract differs depending on how well specified the offer is at this stage. If well specified, the contract gets signed with less rework. If the price only has been discussed vaguely, the decision from the client is followed by an internal price discussion. The nature of the pricing discussion is dependent on if the business is concerning a standard product or if the case is more complicated. After the internal price discussion, negotiations with the client follow.

The resource coordination is a dialogue concerning productions and maintenance regarding the size of the task or project and also who has the resources to produce. If the job focuses on analysis rather than technology, the job goes to the consulting department or to the maintenance department, and if the job is technology-oriented, the job goes to the production department or to the maintenance department. Generally, if the job is larger than 16 hours the job goes to the production and consulting departments and if it is smaller than 16 hours it is delegated to the maintenance department. An exception from this is if something is urgent, but still can’t be handled by the department because the department lacks the resources at the time. In other words, the departments have some overlap where they help each other in case of high work load. The sales & planning process ends with the heads of department deciding which department that is going to take the job.

### 3.2.3 The production process

The production department and the consulting department belong to the same manager and are both using the Scrum methodology, which was presented in Section 1.5.2. The two departments are both parts of the same Scrum team. Therefore, this process concerns both the consulting department and the production department.

If the job goes to the consulting department, the job may or may not be a part of the Scrum process, depending on its size. Many analysis projects have a fairly small scope and are in those cases conducted by one single individual or a few individuals at the consulting department.
If the job goes to the production department some form of pre-study can be conducted if perceived to be needed. When a pre-study is not conducted the job is entered directly into the Scrum process. Otherwise, it is entered into the Scrum process after the pre-study is finished. The Scrum process as adopted by our object of study mainly consists of two components: the Scrum planning and the Sprints. The Scrum planning is a meeting of approximately two to four hours where the upcoming work is explained, broken down and estimated with regards to time. During the sprint, which usually lasts for two weeks, the actual work is performed. The resources pick tasks from the Scrum board, which contains all tasks that are to be performed during the sprint.

During the production phase the client is kept in the dialogue and given the opportunity to give feedback during the process. Sometimes the progress is discussed with the client once after every sprint, and sometimes the client is involved more continuously. However, it can be a challenge to get the client to put in the necessary time this early in the project.

“We would rather include the client and try to reconcile continuously, but, we don’t always get that air time of the client.”

Therefore, we have in Figure 8 put client feedback as an activity happening after each sprint.

It is also possible that the scope might change during the production phase. In those cases, the price might be altered during the process, as seen in the figure above.

During the production process, client contact is rarely managed by the developer, but there is often an intermediate in the form of a project manager or a similar role. This is disliked by some developers, but liked by some. One developer states:

“I prefer when I work that I have direct contact with the client. For otherwise, there will be two stages in between and then you do not know what they want.”

Another developer states that not having any client contacts helps his focus:

“If I had like, been sitting and taking inquiries myself, which would have been completely stupid in my opinion, I would have... been even more fragmented in my thoughts.”

Because of the emphasis on flexibility towards the client, the company rarely works with strict project specifications. The process moving the production live is an informal process.

“No it is when the client says, well it looks good now. So there is usually some sort of, like, release.”

The lack of project specification in the initial phase, along with the informal approval process, has been acknowledged to lead to challenges with finishing a project and getting approval from the client. Therefore, there can be feedback from the client resulting in minor adjustments even after the production has been put live.

“They can basically say that around here [points to picture of process on a paper] that well, this looks good, but ... Then it takes a while, it can be quiet. But, then it goes a few turns internally at the client. […] Then, comes, like, a lump of feedback from the client. Bam, like that. Well now we want to do this and this, and this, we want to do, and this! Because then they’ve
Facilitating control in growing organizations

Empirical findings

have said here [points to paper] that well everything is okay, but then they have not actually looked at the [web]pages. It is quite common that this happens. So then it will be a lot at the end. And then that causes problems, because we’ve thought we’ve gotten like, some sort of approval from the client that… Well, we think it looks great, they say. And then three weeks later when we have planned other stuff, then they come with a lot of feedback.”

As mentioned above, a large amount of client feedback arriving at this late stage is a result of the challenges with involving the client early in the project.

“... it’s once you put it out [release it live] that they start to look at it for real, and then it arrives, but it can certainly be, yes, certainly 10 or 20% of the time can come afterwards, I think.”

There are some aspirations to introduce more formalized specification and approval phases, but there is also hesitance towards it since this work could not be billed to the client.

“But to make it more clear to the client, I think you should have some document that you show to the client here, and agree, as well, that this is what you will get. So that you in the end can reconcile this, that yes, okay, this is what we agreed you were going to get, this is what you got. What is beyond that you will have to pay for. But it will have to be balanced against each other, how much time does it take to do this, for us, because most of this compilation this can sometimes be difficult to charge for.”

It is also argued that formalizing the specification and approval phases would have a negative effect on the aspired flexibility of the client relation, discussed in Section 3.1.

3.2.4 The handover process

After the delivery from the production department the case is handed over to the maintenance department. The handover is a process that takes place over a period of time. How soon after delivery it takes place depends on the overall workload on the production and maintenance departments since the handover is not a highly prioritized task.

The handover process generally begins with more and more of the incoming tasks regarding a case, this could be changes and bugs found, being assigned to the maintenance department which in turn has to accumulate knowledge about the case through asking the production department for information about the solution. At some point during this organic process, the production department fills in a documentation form; stating links to the production, location of the code base

Figure 9: Overview of the handover process
and if there is something unique in the technical solution. The document is a two-sided word document based on a template.

The handover period usually ends with the handover meeting, which is held between the production department and the maintenance department. During the one hour long meeting, the delivery is gone through briefly, focusing on functionality rather than technical issues.

There is an aspiration that before the handover meeting, the maintenance department should have had the time to look at the delivery, test it and approve it, but this is generally not the case.

When the handover meeting has been held, the case is formally owned by the maintenance department.

3.2.5 The maintenance process

![Diagram of the maintenance process]

Figure 10: Overview of the maintenance process

The maintenance department maintains delivered projects and handles smaller new tasks. Central to the maintenance process is the client contact surface. There is an ambition at the company that each client should have one contact person at our object of study. The head of the maintenance department handles a majority of contacts, but there are also other individuals at the department who handle some client contacts independently.

To establish these contact surfaces, there is an aspiration to set up handover meetings with the client, where the different roles of the individuals involved from our object of study explain their different roles and to whom the client should turn to with future questions and requests. However, this is not being followed very strictly, why the client can get confused regarding whom they are supposed to contact with inquiries. It is common that the client, when in need, turns to a previous contact person at our object of study. One sales oriented individual describes:

“No... it ... often they contact me several years later if there is something that has happened... [...] And then it's not so clear because it shouldn't be like that really.”
A project manager explains that he often gets inquiries from clients regarding finished projects that are now in the maintenance phase:

“[…] I was project manager for some big project, that you have very good contact with, so they find it quite comfortable to approach me because they know me.”

When a project is in maintenance phase, maintenance meetings are held with the clients, preferably every two weeks. The meetings are sometimes held more seldom, in cases when the clients do not wish to allocate time for the meetings. At these meetings, our object of study is usually represented by the head of the maintenance department, along with a member from the production department. The meetings are experienced to be a good way to keep contact with the client, enabling for further sales prospects.

A client inquiry can arise during one of the meetings, or through a client contacting the company through email or telephone. Tasks can also arrive from the sales and planning process or the production process. The client inquiry is rarely well explained.

“[…] an email arrives stating: ‘It is wrong’, and then it does not state how it should be instead.”

Therefore, it often takes a few turns of email or calls with the client in order to figure out what is supposed to be done. This work is included in the client contact surface in the figure above.

If the maintenance department is to perform a piece of work, it is put on the big “overall list” holding all the work that is supposed to be done within the department. The list is owned by the head of the department, who is also the one prioritizing and delegating the tasks on the list.

The work is then delegated to different resources. Delegation often happens through a short e-mail from the head of the department, followed by a short oral discussion. Following the delegation, the task ends up on the employee’s individual to-do list, which can take various forms. As stated above, some of the resources run the on-going dialogue with the client autonomously, why their individual lists might contain tasks that the head of the department does not know about. The lists are not put into any overall system, why verbal coordination between the single resource’s list and the overall list has to be done. The resources then execute their tasks.

When the resource has executed a task, he or she tests the functionality briefly. There are no standardized procedures for this. If the resource is handling the dialogue with the client autonomously, it is sent to the client for verification. In the cases when the head of the department acts as a contact towards the client, the head of the department often verifies the delivery before it is sent to the client. The client verifies the delivery and after that the production goes live. If the delivery is not verified, the suggested change is taken up for assessment to see if it is something that should be acted on.

Occasionally, tasks are sent from the overall list to the production department, when special competence is needed or if the work load on the maintenance department is too high.

Since many client relationships are long term, it is emphasized that the maintenance department is to act as the primary contact surface for existing clients and that new business deals should be caught this way. This is illustrated by the arrow that goes back to the sales and planning phase in
Facilitating control in growing organizations

Empirical findings

Figure 10 above. However, the department’s functionality has been more that of receiving orders, than working actively with new sales, due to lack of time.

3.2.6 The billing process

The billing process takes place as a separate process parallel to the production and maintenance processes. After the contract has been signed, the contract is scanned and put into the CRM-system. Difference is made between the time based billing and the contract billing.

The time based billing is overseen by the heads of departments, who checks the reporting to the time report system. The billing is then compiled in the billing sheet, which will be further discussed in Section 3.3.6. The management team and the accounting team holds a billing meeting once a month where billing is gone through and adjusted when needed. Accounting then sends the bill to the client.

The contracts resulting in contract billing are sent from the sales department to the accounting department by email. Accounting is billing the client, checking with sales for changes in renewals. A reminder is sent from the accounting system that will be further discussed in Section 3.3.1, every time billing is due.

3.3 Systems for communication and storage of information

In this section, as well as Section 3.4, we will describe the current state of the internal communication and information management at our object of study, since this is perceived by the object of study as being an area of challenge. This Section in particular will focus on the systems used.

3.3.1 Overview of systems used

A lot of the internal communication is done verbally, and little written documentation is produced. Instead, the company uses handovers for knowledge transfer.

Despite this, the organization also uses a number of systems to support communication in different ways. This Section presents and discusses the different systems that are currently used. The following
Facilitating control in growing organizations

Empirical findings

Table 1 presents all systems that are used. Some of the systems will be discussed in further detail in the following sections because of their relevance to our study.

<table>
<thead>
<tr>
<th>System</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft Word, Excel and PowerPoint</td>
<td>Microsoft Word, Excel and PowerPoint are frequently used in the organization. Microsoft Word is used for different forms of documents such as contracts and handover documents. Microsoft Excel is used for planning time during projects and for providing the product backlog for the project based part of the organization that uses Scrum.</td>
</tr>
<tr>
<td>Microsoft Outlook</td>
<td>Microsoft Outlook is used as email client. Email is used frequently at the company for daily, ongoing communication as will be discussed in Section 3.4.1. Further, Microsoft Outlook is also used for storing information.</td>
</tr>
<tr>
<td>Instant messaging</td>
<td>Instant messaging is a popular form of communication among most of the employees. Due to a recent decision at the international office, the whole organization is now using Microsoft Lync.</td>
</tr>
<tr>
<td>Telephone</td>
<td>Telephone is mainly used with external contacts or if an employee is not at the office.</td>
</tr>
<tr>
<td>Customer Relationship Management (CRM) system</td>
<td>The company has recently licensed a CRM system. This will be discussed further in Section 3.3.2.</td>
</tr>
<tr>
<td>Project planning system used in collaboration with the client</td>
<td>The company is currently in search for a suitable project planning system to use in collaboration with the client. This will be discussed further in Section 3.3.3.</td>
</tr>
<tr>
<td>File server</td>
<td>The company has a shared file server for different types of documentation. This will be discussed further in Section 3.3.4.</td>
</tr>
<tr>
<td>Timestream</td>
<td>The company’s time reporting system. It will be discussed further in Section 3.3.5.</td>
</tr>
<tr>
<td>Wiki</td>
<td>A Wiki containing instructions and other information is used sporadically on operational level.</td>
</tr>
<tr>
<td>Trac</td>
<td>Trac is an internal ticket system that is a part of the Wiki. There are different opinions whether the system is still in use or not. Some top managers states that the system is in use but there is no evidence of usage on the operational level.</td>
</tr>
<tr>
<td>The billing sheet</td>
<td>The company has an Excel sheet where all billing is compiled, which will be referred to in this thesis as the billing sheet. The billing sheet is considered to be critical for the billing process. It will be described further in Section 3.3.6.</td>
</tr>
<tr>
<td>The accounting system</td>
<td>The company uses an off the shelf business system that handles invoicing and other accounting activities.</td>
</tr>
</tbody>
</table>

3.3.2  CRM system

The company has recently licensed a CRM system. The purpose of the system is to support the sales process. The need for the system has grown as the number of individuals involved in the sales process has grown over the last few years, as will be further discussed in Section 3.4.3. Following this, the main purpose of implementing the CRM system was to be able to keep track of the dialogue that the different employees had with different clients, in order to avoid different parallel dialogues being held at the same time with the same client.
The licensed system is of flexible nature and a number of modules can be added. As a first step, the company is using it as a CRM system, to keep track of all clients and contacts, to store contracts tied to newer dealings, and to log activities such as meetings with the client.

The functionality for storing contacts is currently the most implemented part of the system, but there are still many old contracts that have not been migrated into the CRM system. Thus, it is not always clear where to find a particular contract.

The level of implementation of the CRM system is not equal throughout the company. The sales department does have the highest level of implementation. Several employees at the other departments have expressed that the CRM system does not currently support their work processes.

“Nah, man, it’s ... I feel that it is very difficult to get the CRM system naturally into one's daily life.”

“Yes, it’s like, it’s not integrated with anything that we do. [...] it is more putting stuff in. And then if you want something, it’s perhaps once a week, so just, well, now I want the phone number to this person. It as well... there are... I have... well not so much to gain from it and then it becomes in some way, it is not so that... if you have a thousand things to do, you don’t sit down and start putting in that, yes, yes, now I called this person and he said like this. For it feels completely worthless, even though it’s great for the company, so... Nah...”

Few individual employees have expressed that they have any incentives to use the CRM system, but they have all stated that they should use it, as it is perceived to be beneficial for the company as a whole. Several of the employees express feeling guilt over not using the CRM system as much as they are supposed to.

“We have all the possibilities, we have nothing to blame. We have access to it as well, we just don’t do it.”

“We’ve got, we do have, what is it called, [the CRM system]. [...] That we are not... using as much as we should.”

Apart from the challenges with implementing the system, there are some experienced issues with the actual usage of the CRM system.

First of all, it is acknowledged that it is quite arbitrary what is supposed to be logged in the CRM system.

“What is counted as sales should be put into the CRM system, but delivery and inquiries are also a form of sales. Everything is sales, if you look at it in a bigger context.”

There has not been a more precise definition than “sales” of what is supposed to be put into the CRM system.

Secondly, the company is experiencing challenges with data consistency in the CRM system. This is an effect of the system’s flexible nature, allowing business deals and activities to be logged in different ways. An activity can be connected to a business deal or to a client. The users of the CRM system have not yet found a common way of handling these different connections.
It has also not been agreed upon which level of detail that is appropriate in the system.

“The then it is not like we put in every call we make, or every email we send, or ... we, and by we I mean I, because Colleague X does that very much...”

Due to the data not being inserted into the system in a consistent way, some of the searchability is lost.

Thirdly, and finally, the CRM system does not provide any way of getting a quick overview of what has happened recently.

“I would say that the information is probably there, but it means that you would go through all the business deals that are there to actually see [...]”

Thus, the CRM system does not fulfill the entire need for support for the sales process, but must be supplemented with another module, another system, or another routine, allowing for an easy overview of ongoing discussions with the client.

3.3.3 Project planning system to use in collaboration with the client

The company is currently in search for a project planning system to use in collaboration with the client, in order to cut down on the amount of email that is received from the client.

“I know last year when I worked with project X, in the summer, or if it was at the end of the year, I got like 40 e-mails per day. It gets pretty hard to follow up what you have done and not done. [...] Because that is things that take time, and then especially if it is that the client must email an inquiry twice, or that we have to put a lot of time to compile, like, tasks, from email, and reconcile, then ... it takes extra time.”

Previously, Google Docs has been used for work in collaboration with the clients, but this system has been blocked by the clients’ IT departments. Parts of the company are now trying out a new web-based system to work together with the client during projects. There are currently no intentions for using this system overall throughout the organization.

It is also wished that the project planning system supports follow-up during and after projects. Today, it can be difficult to get information on what has been produced in a particular project if the client is asking. There is also a need for further follow up of how much time that has been used in a project, in order to communicate with the client if the project is deviating from the plan. However, all solutions require that the employees report their time into Timereport continuously, something that is currently not happening. Timereport is discussed further in chapter 3.3.5.

3.3.4 File server

The company has a shared file server for different types of documentation such as client presentations, technical documentation and contracts tied to older dealings that has not been transferred into the CRM system. Most files on the server are regarding external projects and sales, and this part of the file structure is divided per client. Underneath each client, there are folders for contracts, meeting reports, deliveries, presentations, projects, proposals, received material, research, the sales process, and more. This structure is almost identical for all clients, although many of the subfolders often are empty.
Despite the aspirational initiative for structure, the shared file server is perceived by the employees as having a low degree of structure and the naming of the files is up to the individual. Following are two quotes by employees describing the file structure:

“Yes, there are structures for how to add documents and how to name them. But it is not followed properly. [...] And unfortunately there is sort of, it's... it's just too bad order there.”

“It's much searching. Searching for, where the hell is this document? And it is death, it's so boring ... and so worthless.”

3.3.5 Timereport
Timereport is the company's time reporting system, which is used by all employees. Each employee reports how many hours he or she has spent on a particular task and explains briefly in a short text what has been done. Each task is connected to a project that is tied to a client.

This system is used to keep track of how many hours that have been put into each project and who at the client company that is responsible for each project. It is the base for the hourly billing that is done.

The company is experiencing some challenges with getting the employees to put all their time into Timereport.

“... it is inserted in retrospect, it's also dependent on the individuals ... There are many individuals who find it very difficult to fill it in subsequently. [...]Yes, it is often in the end of the month they manage to push it in.”

3.3.6 Billing sheet
The company’s billing is compiled into one large Excel sheet which is the basis for the company’s billing. The sheet contains both an overview and a more detailed specification of the invoicing material.

A lot of individuals at the company are involved in the production and maintenance of the sheet in different ways. The heads of each department contribute with inserting billing information. Accounting goes through this sheet and colors every post that has been billed. This process is entirely manual and it is very important that it is done correctly.

“So I then have a billing January, February, March, then I'll yellow the three months ... and I darn mustn't forget it, frankly.”

The billing sheet is considered to be a very important document as it acts as the basis for both the contract and hourly billing.

3.3.7 Discrepancies regarding systems used
We have observed some differences between the interviewees with regards to which systems that are actually used, and to what. These discrepancies are mainly related to Trac, the wiki, and the CRM system. As stated in Section 3.3.1, top management argues that the operational level uses an internal ticket system, Trac, although this has been abandoned. Further, it has been stated by some that the wiki is used for storing documentations of produced projects, but these documentations are actually stored on the shared file server. Finally, there are different perceptions regarding how much the
Facilitating control in growing organizations

Empirical findings

CRM system is being used, as a result of the non-consistent level of implementation in the different parts of the organization.

The existence of discrepancies with regards to the whole process in general and the different systems in particular is also acknowledged by one of the head of departments in an interview as being a result of a lack of documentation:

“Since we have never put down clearly on paper how it works, it's a little vague how some ... and I'm sure that everyone explains it all in slightly different ways.”

3.4 Internal communication

Continuing to describe the current state of the internal communication and information management and its challenges, we in this Section describe the internal communication through looking at forms for daily communication, internal meeting culture and synchronization between different departments.

3.4.1 Forms for daily communication

Daily communication is often informal. It takes place in the lunch room, or through coming by another employee’s workplace, having a small, spontaneous talk. Coming by another employee’s workplace is a preferred form of communication by several of our interviewees, much because you get an immediate answer and are able to have a more complex dialogue than through email and other written communication.

“It is so much easier to just talk to someone, and then there will be a follow-up question instead of it to go 15 emails back and forth.”

“It is often faster to catch something and like, talk, since you might want to have a counter-response as well, you don’t get that in a system, but you insert something and you don’t get anything back.”

Apart from communicating by walking around, a vast amount of email communication is used, and cc:ing is often used for spreading information regarding recent events.

It is acknowledged by several employees that these forms of communication – spontaneous talks and email – lead to a fragmented working day.

“Generally, I tend to actually walk over to a person. And that's both good and bad. Because... you are disrupting a lot, you disrupt people very much, I think. [...] Sometimes you need to sit in your little bubble as well and just get things done.”

“[…] but people like, come by and ask things and that kind of stuff. As soon as there is something like that, that disrupts quite a lot.”

“[…] these, like, 350 emails per day. There you sit, and... you get an email, you become a little curious and read it, and it may not be... very effective use of time really, until you really need it.”
To sum up, the daily communication is spontaneous and informal, primarily taking place through spontaneous talk in the workplace or email. This has been seen to induce risks of fragmenting the employees’ workdays.

### 3.4.2 Internal meetings

The company has an informal internal meeting culture. The informality of the meeting culture was explained by many of the employees as being due to the small size of the organization. However, top management acknowledged that the informality is also a desired and conscious approach:

> “I try more to ensure that we have like, a culture, and a behavior that drives it forward naturally. That one... it is difficult to formalize, how do you say, you shouldn’t just have meetings for meetings sake, that is, if we were to book that every Thursday morning we have a meeting about what they and they do poorly so that we can make a new business out of it, and like that. You might be able to formalize it, though, but it’s better that it happens naturally, that it, it pops up [...]. And then [if the company had formal meetings] it would be contrived, then people like, well crap soon it’s Thursday, and then I have to come up with something, because soon I’m supposed to say something, and then it becomes forced.”

There are some recurring internal meetings at the company. These are:

- **The billing meeting**, as mentioned in Section 3.2.6, is a monthly meeting between accounting and management regarding the time based billing.

- **Meetings related to Scrum** in the project-based part of the organization.

- **Operational weekly meetings**, where every member of the maintenance department talks about what he or she has done during the past week, what he or she is working on, and if there are any large things that may be of dignity for the rest of the team. This meeting is scheduled weekly but approximately half of the meetings are cancelled due to being down-prioritized in favor of executing operational tasks.

- **Weekly meetings for the whole organization**. During this meeting, the heads of each department inform the rest of the employees regarding what each department has been working on, and if anything with great dignity is to happen in a close future. This meeting has recently been downsized to occurring every two weeks and is criticized on the operational level for not being perceived as value creating, since many of the employees does not understand the information that is being delivered from the other departments.

> “It is about, um, each responsible for the company says that, yes, everything is going according to plan with Client X. If you have not been involved in the process with Client X you have no idea; one, what we do with Client X and two, what it means that it is according to plan.”

- **The handover meeting** between the production and maintenance team, as discussed in Section 3.2.4.
Some interviewees have also mentioned a monthly management team meeting, but others have argued that this has been abandoned.

A large part of the organization performs technology oriented work. In this part of the organization, we have observed a general reluctance against meetings.

“*We’re fairly tech-oriented in a way. So, most people think that it is quite boring to sit in a meeting. So because of that, we are not participating excessively in meetings, but want to [actively] engineer something instead.*”

One developer explains that he prefers more continuous communication over formalized meetings:

“*Software development is too complex to just conclude in a meeting.*”

As mentioned earlier, the internal meeting culture is of an informal nature. This expresses itself as we look at the level of formalization of the internal meetings.

First of all, the preparations before internal meetings are limited. This is acknowledged as problematic by one employee:

“*It’s maybe something that we would have to work at, I think anyway, yes in all cases that we have, we would have to take more time before meetings to get a better quality of meetings.*”

Secondly; little, if any, notes are taken during internal meetings. Several of the interviewees indicate that this leads to identical meetings being held several times, since it is not remembered what was decided or said in the first meeting.

“*[…] it tends to be little note taking, which means- usually means that you will have to run the same meeting multiple times. [...] Sometimes it has been that you have gone to a meeting and have discussed something like; we will do this in the future, we should do it like that. And then you discuss it then, and then two weeks passes by, and then no one remembers what we decided. And then you have the same meeting again.*”

There have earlier been aspirations to formalize note-taking during internal meetings, but that was not implemented successfully. The company has, however, successfully implemented note taking in meetings with the client. These notes have proven to be valuable in order to not lose business opportunities. The notes serve as a reminder for the client of what need that was agreed upon, as well as a reminder for the company of what to follow-up with the client. In other words, the company has identified a direct sales benefit of writing meeting protocols to the client.

Thirdly, and finally, follow-up from internal meetings is thrifty. If the meeting has been regarding how to solve a client issue, the follow-up might consist of every member of the meeting being cc:ed in the future mail correspondence with the client. In other words, the company has identified a direct sales benefit of writing meeting protocols to the client.

Summarizing the above; the company has a conscious informal internal meeting culture. Thus; preparations, note-taking and follow-up is limited. Today, there are few recurring meetings, and some previously scheduled recurring meetings have been discontinued due to perceived lack of value.
3.4.3 Synchronization between different departments

During our interviews, it was expressed that the company, since its growth, is experiencing challenges with communicating across the departments. Interviewees have expressed a lack of knowledge regarding what is happening in the other departments, particularly whilst working with prioritization of tasks. Instead, prioritization is often based on intuition and gut feeling.

The sales department is experiencing challenges with taking advantage of sales opportunities that are presented in other parts of the organization.

“It might be Colleague X who sits and puts... he knows that someone is launching a new product. That's a very interesting prospect for me. [...] Colleague Y may be going to sell something, where some of the products I primarily sit with are something we could add if I had information that...”

Today, the company is working with this challenge through pairing different types of sales employees when meeting with a client.

Due to a larger number of individuals being part of the process nowadays, the organization is also experiencing challenges with keeping track of the dialogue that has been with the client. The need to know the dialogue that has been refers to knowing for instance if anyone has talked with the client at all recently, and if any price estimates have been given.

The growth of the company has also made it more difficult for the sales oriented employees to know what solutions that the organization is actually able to produce.

“[...] now there are so many people doing things that you do not always have ... not everyone keeps track of it, exactly what can be done ... at least not me.”

Orders from one client are rarely coordinated among different individuals at the client, why there often are inconsistencies in the client orders. These inconsistencies must be handled by our object of study – otherwise, it might happen that one change is performed back and forth, due to individuals at the client sending uncoordinated inquiries. Different orders from a particular client is not always caught and recognized as parts of a larger order. To handle this, the company strives to set up monthly meetings with the client. Apart from these meetings, the company does not have any systemized processes for catching these kinds of things.

“[...] often, if we have these meetings, it is caught there. If we do not have meetings, it's not always that we catch it. [...] And then it's if it arrives to the same person here, it's easily caught, hopefully that person sees, 'shit this is the same thing'. But otherwise it's not caught.”

The above challenges are supposed to be supported by the CRM system, but due to the low level of implementation, as discussed in Section 3.3.2, the employees still have to walk around the office and ask everyone if they have recently met with a specific client.

“[...] then you must often walk around and ask... a little bit like this.... [enumerates different colleagues] and check, you, have you spoken with these? [...] So, you have to go and ask around, usually.”
Looking at the technology oriented part of the organization; there are a number of intersections with regards to responsibility between the production department and the maintenance department.

The first of the intersections is, as discussed in Section 3.2.5, that the maintenance department can assign tasks to the production department if the task is a big task requiring a more focused effort. This is done through the head of maintenance emailing the head of production and a project manager a list of large tasks that should be done by the production team. This process of distributing the work between the production and the maintenance teams is perceived to be working well.

The second intersection is the alignment of the choices of technology, for which there are no planned meetings between the production department and the maintenance department. The production department acknowledges that they sometimes take too much liberty during production and rarely consults the maintenance department regarding technical choices. Likewise, the production department has been experiencing a lack of information related to changes in the technical infrastructure implemented by the maintenance department.

> “Because that is the usually the case, sometimes the maintenance team sits and rebuilds the database, and changes the tables, and we are still using tables that we are not supposed to use, but we don’t know that, because no one has told us.

On the question on how information about technical infrastructure changes are distributed today:

> “It’s pretty bad distribution regarding that. The... uh... often it is spread through something ceasing to work.”

Initially, there was an aspiration that the production department and the maintenance department would converge in a so called “technical counsel”. However, this has rarely happened, due to perceived lack of time.

The third intersection is the handover period that happens when the production department releases a new solution, which was described and discussed in Section 3.2.4. As explained, this handover meeting is often delayed. However, although the handover meeting is delayed, some unofficial responsibility for operating the solution goes to the maintenance department at the release; something that has been perceived as problematic from time to time, since the solutions are often very complex and not easy to understand for someone who has not been involved in the development process.

> “One does the handover when you have time and if we look at this fall, we have not had a single handover... because we have not had the time, so they come now. Then we have, we’re sitting with Client X now and are going to try to understand how their damn system works. We have no idea because we have not been involved.”

Today, this challenge is handled through the maintenance department asking the production department for help when supposed to work on a project that has not been “handed over” properly; thus accumulating more and more knowledge of the project. This is perceived as working well.

The fourth intersection consists of feedback loops from the maintenance department to the production department on delivered projects. There are no planned meetings for this. Instead this
happens primarily through a member from the maintenance department coming by the production department’s room, telling them that something doesn’t work as intended. However, it is acknowledged that the lack of systemized feedback loops leads to many issues never reaching the surface.

“[...] usually it is not brought up either, unfortunately. If there is something that you think is bad, you just, this was really bad ... Then you go on ... Unfortunately.”

The challenge of bringing feedback and ideas to the surface will be discussed further in Section 3.6.2.

Concluding the above; the company has been experiencing challenges with the synchronization between the departments, both in the sales process and between the production and maintenance departments.

### 3.5 Discovery of underlying challenges

The previous sections covered our empirical data from the first round of interviews, during which we investigated the organization’s current processes, internal communication and knowledge management, and the challenges that were experienced by the employees. Following these interviews, we analyzed the material, aiming to categorize these challenges and understand the relationship between them. These findings served as a starting point for our second round of interviews. In this section, we will present the categories developed from our first round of interviews in order to explain the selection of categories to investigate further in the second round of interviews.

First of all, discrepancies regarding systems and routines appeared. It appears that some systems, such as the new CRM system, have not been entirely implemented. This is expressed primarily through a lack of usage, but also through a few ambiguities with regards to the actual usage of the system, such as how to insert data into it. This is illustrated in the figure below.

![Figure 12: Effects of a lack of thorough implementation](image)

Secondly, it was expressed during the interviews that there is little time in general to spend on spreading information and knowledge. We conclude that this is a result of a down-prioritization of information and knowledge spreading. We have seen that this for instance results in a poor dissemination of information regarding the technical infrastructure. It has also led to the handovers between the production department and the maintenance department almost always being delayed;
something that poses ambiguities regarding responsibility for the solution. The down-prioritization of knowledge and information transfer might also be harmful for the organizational learning process, as it results in a lack of feedback loops within the organization. Thus, learning today primarily happens individually. This is not perceived to be a problem, since the company is still quite small and has a low degree of employee turnover, but we conclude that the existence of feedback loops will be important to consider during the future growth of the organization. This is explained graphically below in Figure 13.

Looking at the two challenged areas described above, we argue that both areas are in fact related. Both implementations of systems and knowledge and information spreading are a form of internal projects. Therefore, we decided to investigate the work with internal projects further in our second round of interview in order to gain an understanding of why the company is experiencing challenges with internal implementations, as well as understanding why knowledge and information spreading is not prioritized.

Thirdly, the organization’s internal communication is fairly unstructured. A majority of the internal communication is done through walking around the office or sending emails. Employees on an operational level have acknowledged these forms of communication to lead to a fragmented workday. We have derived this partly to a lack of a sufficient communication channel for daily communication; something that followed a managerial aspiration for an informal communication culture. However, we also saw that this unstructured internal communication might be an effect of the employees not having the whole picture of the company’s work. It was articulated by one employee that you might not realize that you are disturbing someone that is doing something important when you come over to his or her workplace. In general, when studying the processes at
Facilitating control in growing organizations

Empirical findings

the company, it appeared that prioritizing often was done by managers, since they had the whole picture of the on-going work. This implicates that the employees at an operational level does not have the whole picture in a way sufficient enough to make prioritizations. However, some implicit prioritization is made when one disturbs a colleague working on something else. This would implicate that the level of understanding of the whole picture; which projects that are particularly important, and which colleagues that are particularly busy at the moment, would affect employees’ day-to-day prioritization, both with regards to their own work, and with regards to considering it appropriate to interrupt a colleague. Following above reasoning, we derived that vertical integration in general, and alignment of the strategic objectives in particular, would be beneficial to investigate further in the coming round of interviews. This is illustrated below in Figure 14.

Figure 14: The relationship between the internal communication, existing communication channels and the vertical integration

Fourth; during our first round of interviews, we made the general observation that the answers and descriptions differed to a rather large extent between the different interviewees. This further
strengthened the importance of further investigating the vertical alignment as discussed above. We also came to wonder whether the found discrepancies were a result of a lack of alignment, or if a decision simply had not been made. Therefore, we decided to also further investigate the decision making within the company.

The above reasoning describes the analysis performed after the first round of interviews and provides the focus areas for our second round of interviews. Two main areas appeared: (1) internal projects, investigating why knowledge and information spreading appeared to be prioritized down as well as why the company had not been able to implement the new CRM system to a full extent, and (2) vertical integration, investigating how the company currently works with strategy implementation and decision making as well as its result, in other words the current level of vertical integration at the company.

3.6 Development of the internal environment and processes
In this and the next section, we will present the empirical findings from our second round of interviews. In this section, we discuss development of the internal environment and processes; an area that emerged as being one area of causes behind several challenges mentioned during the first round of interviews, such as challenges with change management and implementation of new systems such as the CRM system.

3.6.1 Internal projects
The organization down-prioritizes internal projects, such as implementing new systems and routines and product development, in favor of client projects.

“[…] if there are internal tasks they are prioritized down, so that we always take clients first.”

This means that internal projects are primarily conducted when there are no client projects to work on.

“[…] there’s a risk when we have internal projects, that they often end up further down then, on the priority list. So it’s there, somehow that gets to be the slack between projects.”

Due to this, internal projects are often delayed.

“[…] since we prioritize client projects, it takes very long time to deliver an internal project, in most, most cases.”

The reason for prioritizing client projects is that it is seen as difficult to estimate possible future revenue from internal projects.

“[…] we have found that hard to handle, revenues that we can get that are not clear. That is, advertising revenues, branding revenues. And because they are not clear, we often choose clear revenue with clients who want something done and who can pay.”

The organization differs between internal projects that have clear benefits in the form of expected future revenues, and internal projects that cannot be tied to any revenues in particular, but might instead make internal processes more effective. Internal projects are prioritized higher in case they can be tied to any explicit expected future revenues.
“Then, internal projects that can result in money in the future, if you say, we need a system to collect financial documents, as you... So, indeed, we saw that yes it is good to do this because when we have as well, then we can sell this service to many others, and then we can get money. So even though it was an internal project that we conducted all by ourselves, without any specification by an external part, then, yes, if we see that there is a clear client connection, yes, we are better at getting it done.”

Opinions differ regarding the experiences of internal projects. One interviewee claims that internal projects are easier to conduct than client projects:

“That it becomes a very... well, very standardized implementation, or it’s... it’s still a bit easier to run the project in that it is shorter lead times and easier to get people together.”

However, other interviewees have stated that the company is struggling with several challenges during internal projects. First of all, responsibility of the internal project is often unclear.

“That’s a bit problematic, I would say. [...] But it’s been a little... difficult there maybe with delegation and that, I would also say. [...] It, it would require someone who takes responsibility, is given the responsibility, receives the tasks, this is your responsibility and you are going to take care of it. And... internal projects usually have a tendency to be a bit floating, that yes, someone does it, some time. And, then no one does it any time.”

There is rarely a formal “internal client” during internal project, or at least, his or her powers of enforcement are not followed.

“Although it may be so in theory, that for example Colleague X orders site stuff, so, yes, nah... [...] there are still more people who have opinions.”

However, if the project is fairly small, it is easier to implement.

Secondly, the company is experiencing challenges with limiting the internal projects.

“It’s, a big part of the internal projects, to try to limit, not putting in too much, but evaluate as well, that we do it well enough, simply.”

The challenges with limiting the project are explained to be a result of a lack of clear responsibilities.

“[...] it becomes even more difficult to complete [the project] when it, as soon as, I mean, when there is a client, then the client is right, and then they can say that this is damn good, as well, no matter how bad it is. But if it is an internal project, then people will never be satisfied. There are like ten different individuals who decide if it’s good enough and, well, there will never be like this synergy where everyone is happy at the same time.”

Above challenges has led many employees to dislike working on internal projects. One interviewee states:

“It’s the worst I know. Whenever there is an internal project for me, I always say that I do not want to be in it.”
The company does currently not employ a systemized process for implementing new systems and routines.

“There is no checklist that tells you; to implement a routine, start by…”

Three years ago, the company implemented the project methodology Scrum in parts of the organization. This implementation differed from the standard case that is described above.

The implementation began with the company hiring another company for education within the subject. The education consisted of a whole day of group seminars and exercises, and later on, when the company had started working according to the methodology, follow-up and support. The education has been seen as beneficial by those who are working daily with Scrum today, since it gives all of the team members a common knowledge base.

“[…] everyone gets the same picture of the thing then. Instead of everyone sitting and reading [by themselves] and then people think differently.”

The implementation is regarded to be successful and the employees have noticed a large improvement compared to previously regarding the ability to deliver larger projects.

One of the initiators to the implementation states that the implementation was particularly smooth when it came to getting all employees onboard.

“[…] to get everyone onboard… that was probably what was easiest, almost. That, well, there’s no one who has protested or said: ‘well what is, it seems like crap, I do not want to work that way’. But everyone has seen it as being a positive thing that they have embraced.”

One of the initiators explains the easiness of getting everyone onboard on the implementation of Scrum with it being somewhat of an empowering methodology.

“[…] well you get to take part in deciding and controlling and, like, speak up in a different way.”

What was challenging during the implementation was to adapt the methodology to the organizational context.

“So there, we have had to work and, well, tweak it a bit, and try to adapt it to our reality.”

Concluding the above; internal projects are often down-prioritized due to perceived difficulties with handling the insecurity of the returns. Internal projects are also often delayed and are difficult to finish due to the down-prioritization and unclear responsibilities. This induces challenges with implementing new systems and routines internally. However, we have seen one example of a successful implementation, Scrum.

3.6.2 Gathering ideas from the employees

One aspect of internal work in general, and internal development in particular, is idea gathering. At our object of study, top management aspires to have a very informal idea gathering process. In order for this lack of systematization to work, top management works actively with strengthening the informal organizational culture and making all employees comfortable with each other.
Facilitating control in growing organizations

Empirical findings

“[...] much of this that we all gather together, so that everyone becomes comfortable enough with each other so that there is nothing strange in just walking in, like, in a room, and just say ‘hey, this thing’, like that.”

According to top management, this strategy works well. There are little aspirations to formalize the idea gathering.

“You might be able to formalize it to some extent. I’m just ... the risk is just that one, sort of, only charges the system. Instead of Colleague X getting two good pucks he gets twenty pucks, and he’ll have to find out for himself which ones that are good. And then he will not have time to do it.”

Instead of formalizing the process, top management believes in natural selection of ideas.

“And we also need a natural selection of what we devote our energies to.”

“I don’t want quantity when it comes to business ideas, I want quality. Well we do have business ideas when we are sitting on such management meetings that are just like, we can do this, we can do this, we can do that, we can do a thousand things. But that’s not what’s difficult; to find a lot of stuff. It’s hard to choose, what is good, right.”

During our interviews with the employees on an operational level, we asked how they would do if they had an idea for improvements in the organization. If it is a small task, within the employee in question’s area of responsibility, the employee usually simply performs the task him- or herself. Larger but still specific and concrete ideas are sent to the employee’s head of department. All interviewees have expressed getting quick feedback from their respective bosses when leaving these kinds of concrete suggestions.

However, if the idea is less clear and concretized, it is often not brought up to the surface. Interviewees express experiencing that they don’t always know what to do with less concrete ideas. Today, there is no forum for discussing existing problems where the employee has not yet found a solution. It is acknowledged by top management that bringing up problems can be problematic, as it is often seen as whining.

“[...] there may be a systemic problem that everybody knows that, ‘yes, this will be no easy solution’. And it is not quite as certain that you bring that up, right. Because if you look at our culture, it is permissive, but it is also like that, ‘man, you should not go around and whine if you do not, you know - got something - what is the solution then?’”

Interviewees have expressed that there are many ideas at an operational level that never reach the surface.

“I think, well I personally think that this company bubbles with a lot of ideas. However, getting them up to the surface and do business out of them, that’s a completely different thing.”

Concluding the above; top management expresses a desire for an organic idea gathering process. There is a belief that the good ideas will naturally be picked up. However, the employees express difficulties with knowing where to turn with their ideas if the ideas are not simple and concretized.
3.7 **Vertical integration**

In this section, we discuss the vertical integration of the organization. First, we discuss how the company is working with vertical integration through studying strategy implementation, measures, organizational culture and decision making. We thereafter study how and to which extent the business perspective has been integrated into different parts of the organization.

3.7.1 **Implementation of strategy**

One aspect of vertical integration is strategy implementation. We have therefore chosen to take a closer look at the strategic work within the organization.

The company’s strategy is generally set for five years at the time. The last five-year plan was valid until the year 2012 and the formulation of a new five-year plan is currently in process. However, for present time there is no valid plan. The company has had about ten years of continuous growth. In the last valid plan the goal was to double the turnover.

Some interviewees claim that the strategy is discussed on a low level of detail, in a rather abstract way, amongst the management. One member of the top management describes an organic way of working with strategy:

> “When you have a visionary agreement, that is, you work with the vision of a management team for a long time, things happen more intuitive. That is, whether we should do it like this strategically, will, hopefully, if this has permeated the entire group, be natural and you: yes, but this is the right approach. So, and then the tactical decisions will also occur naturally as this is permeated by both vision and strategy.”

The top management does not want to micromanage. Thus, top management do not want to get involved in too much detail, for instance regarding routines at operational level such as the handovers between the different departments:

> “I’m not a micromanaging boss in that way, I don’t sit down with [the heads of departments] and like, yes, now I want to see the list of how you do handovers, and then we’ll test it and then I’ll approve it. But I have simply told them that, guys, now you’ll have to find a solution here, so that this works well, and then, let me know if you need me for something, or if we need to invest in something, or...”

In other words, the level of detail in the strategic work that is done on a management level is low. However, another interviewee claims the level of detail of the strategic planning to be higher and states that the strategy is broken down into concrete activities on a management level:

> “First we identify long term goals, and then we have more short term goals, that we continuously evaluate. […] And then you have to define; how should we work to get there, what can we do. Could we get new clients, work more with our existing bigger clients, with existing small clients, raise prices? Well, simply all of the tools that we have available. And then it gets to the even higher level of detail; which activities should we perform? It could be to talk to these companies, recruit this client or to develop certain tools that we know there is a demand for. […] After this [process] these activities are put on the different departments, simply.”
At times, documents describing the strategic plan have been produced during the strategic work. However, the document in itself was not used and was thus not seen as valuable. Therefore, focus has shifted towards writing less down and focusing on the discussion and activity of producing the strategy.

The coordination of strategy implementation between the departments is described by interviewees as being mostly spontaneous. The organization is still relying on overhearing things that could be of importance. In other words, an informal approach to coordination between the departments is taken. One member of the top management puts it like this:

“You can work much more practically with tools and like, methods, but we don’t... We have this... more biological method where we hang out and talk and think that we in some way influence each other with the ideas that we agree upon. And it may well be a bit contradictory... and then you end up at a level where... these routines and so... if we’re talking about the tactical level again, are handled at a departmental level.”

Concluding the above; our empirical data contains discrepancies regarding on which level of detail strategy is discussed in the management team. Top management is reluctant to be involved in too much detail, why a large amount of the concretization of the strategy appears to happen on an operational level. It has been expressed that this leads to challenges with coordination.

3.7.2 What is measured?
The key figures that are used to measure how the company is doing are turnover and revenue. Turnover and revenue are measured mainly on a yearly basis. Top management wishes for investments of time or other resources to have a payback in the near future.

“But basically I really think that you should share out [to owners] everything that you cannot reinvest and see that it gives return on a relatively ... relatively short time.”

On the question of what is measured within the organization, one interviewee further said:

“We have no such thing as a balanced score sheet or balanced scorecard-thing. We are a small company right, and we are not looking at the return on equity, capital employed in this way cause in such a small organization with few owners, they control our capital, it’s just to share out.”

In other words, the goals are in the current situation entirely monetary. There have recently been discussions whether there could be set up non-monetary goals as a complement for the different departments, but the form for this has not yet been decided upon.

3.7.3 Organizational culture
The top management at our object of study emphasizes the organizational culture as an important factor of control. A large amount of trust is deliberately given to each employee, with an intention that this will lead to the employee feeling a sense of responsibility over their job. Since formal areas of responsibilities and role descriptions are rather vague, employees express that they place themselves wherever they see a gap and a need for their competence.

“The structure at the company is very floating, you are put where you are needed, or you put yourself where you are needed.”
The organization has an informal culture, something that is seen for example in the internal information spreading. The top management expresses the importance of informal internal contact surfaces and emphasizes that this is a conscious approach:

“The informal information spreading, that we have shaped in the culture. I've always been very particular with that we'll have coffee breaks, we need to meet, we need to sit down together, and it’s supposed to be a nice atmosphere. And I think that is one of the success factors for us.”

Top management considers the informal information spreading to be a competitive advantage towards competitors such as the client’s internal IT departments.

“Their inertia is much greater, meaning, that from their own operational level, to make a decision, or even formulate a solution is much, much slower than what it takes for us here at the coffee break.”

However, there may be risks with having a too informal internal culture. One interviewee expresses:

“We do not have the kind of culture that we... And we might not be totally professional in our role towards each other, cause we are used to these quick talks and we have been living with the belief that you know what is going on [in the rest of the company].”

For instance, during our time at the company, we have observed that the lack of professionalism has resulted in employees constantly being late to internal meetings, rescheduling with short or no notice and neglecting to answer internal emails.

Summarizing the above; the organization culture is seen by the top management as an important form of control. The organizational culture is today characterized by informality.

3.7.4 Decision making
A large amount of the decisions made within our object of study are made through dialogue. An informal way of handling decision making is common within the organization and the top management considers it important not to be prestigious when it comes to decision making. The aspiration is to not have any political tensions. It is perceived as important that the one that happens to be in place and has the knowledge feels that they have the mandate to take a decision.

Time is experienced as being an important factor within the company. It is perceived as important to take a decision in order to be able to get on with work, as well as not to lose time towards the client.

“It is better to take a decision, that we move forward, that we have a speed. Then we can always change, and the important thing is that we are not bound for prestige.”

Interviewees experience that few formal decisions are taken:

“And it's not that it's... there's no powerful hand that has said that, at this company, we like [beats fist on the table]. Thus, we have no such... so to say, there is no expectation image.”

As mentioned in Section 3.4.2, decisions made during meetings are rarely documented and thus not followed-up in a formal way. For instance, decisions regarding responsibilities and delegation are made in a soft and informal way.
“It’s not so, if I’ll be honest, precise. If there’s someone who is close…”

"Yes, it happens... through conversations, Colleague X, some of us other team managers and ... then maybe the management team ... where we ... ad-hoc meetings, like that. Not something formalized.”

Also, the consequences of loosely delegating a responsibility to an employee are not always thought through, with regards to whether the employee has the resources to manage it. As one operational manager puts it:

“...It becomes a responsibility that is placed on someone without perhaps both having realized what it means. Without us... well, it is put on someone like this [makes a sound]. There is no... the consequences of the addition are not overseen but there is an infinite space to add things. This is partly how we work... Without... and then we understand that we will down prioritize other things, but we do not identify what... how it affects... but we wait and see.”

To sum up; the majority of the decisions are taken in an informal manner. Following this, delegation is often not entirely clear.

### 3.7.5 Vertical integration of business objectives

In this Section and in sections 3.7.6 and 3.7.7 we take a closer look at some aspects of the vertical integration of the business perspective at our object of study. We here begin by discussing the dissemination of information regarding the organization’s business objectives.

Employees are experiencing that they have little information about the financial results. One employee in a technical sales oriented role puts it like this:

“[...] when not in management, it’s very ... you get very little feedback on how things are going... Such as follow-up on projects. On what do we earn money? I think we almost never had such a presentation since I started working here. That’s ... that’s something I think is bad.”

Another employee states that he has an unclear picture of how the company is doing:

“There is a time of year where the information you get is yes, now we have to work extra hard, and now we have to make money, and now billing’s extra bad, and there is a time of year where they say; yes everything has gone great, damn good, well, we have been very profitable.”

On being asked how the employees are supposed to get this information, top management explains that little interest has been shown for it. This statement is supported by one of the interviewees on an operational level who states that he is not very interested by this information.

“Oh, I don’t know, for those who are, there’s some that have performance-based salaries at the company, they are surely motivated by it. The rest of us, I think not.”

To sum up; there is little knowledge regarding the business objectives on the operational level. Some employees express a wish for a greater understanding, while some state that it wouldn’t be of much interest.
3.7.6 The balance between cost, time and quality in deliveries

During the interviews, we let the interviewees discuss the balance between cost, time and quality in the company’s deliveries. The purpose of this was to investigate whether a common assumption regarding how to prioritize between these three had been adopted; in other words, to be able to evaluate one aspect of the level of vertical integration.

The interviews showed that there are different opinions at the company regarding what is important in the delivery to the client. All interviewees emphasized time and quality as the top priorities. This is explained with our object of study primarily competing with the clients’ internal IT departments, as discussed in chapter 3.1. Performing the project internally within the client’s organization is often viewed as cheaper, since internal hours are not valued in the same way as the hours paid to an external part. Thus, cost is seen as the least prioritized factor, and time and quality as the two prioritized factors.

When discussing time versus quality, opinions differ. Here, one employee claims that quality is the most important factor in the delivery:

“[…] okay maybe, yes, it cost a little more, or maybe it took a little longer, but then, it just kind of worked, and was, was good […] Instead of doing something quickly and then they discover, ‘but this did not work’ or ‘why is it like this’, or […]”

Another employee states that time is the most crucial aspect:

“Well… no but the most important thing is time.”

Looking at the importance of the time factor, one interviewee states that there is rarely any reason for hurry in the industry, why time should not be prioritized:

“Sometimes it can surely be those that have put themselves in a bad situation that are prepared to pay for this [something being done quickly], right. But that is quite rare in our industry. It is not like this, ‘oh, crap, we must have a new financial information solution, waaaaa’, like that.”

However, another interviewee states that time is the company’s primary competitive factors:

“Well the time is the absolute focus, that’s why they even hire us, the banks, because their own IT departments are so damn … it takes forever to get anything done for them.”

Many of the interviewees has expressed that they would wish that quality was a top priority. This has been for a number of reasons. First of all, it enables for charging the clients more.

“We want clients to be up here [pointing at quality on resource triangle]. […] That the clients are conscious about quality… and that they would rather pay a little extra and would rather that it takes a little longer. So we, our energy go to steering them that way. Because up here, we are more unique, we can charge more, it is difficult to compete with us.”

Secondly, quality is more important in order to help the client looking good internally.

“[…] and there will also be a part of this social dimension, that maybe it becomes, if a lot of questions arises internally [at the client’s organization], and like that, that they may get the
question, ‘well why did this not work’, or ‘why does it look like this’. Then they might hesitate to order from us again.”

Thirdly, quality focus acts as a motivating factor for the developers.

“Quality is what’s relevant when you produce something. That’s what, this [points to quality on paper] is what you want to achieve as a developer, or as the one who has built it, that’s what matters in the end. This [points to time on the paper] is just, it’s not something that they think about afterwards. This is not something I can put on my resume.”

Top management puts a large emphasis on quality and believes that this line of thought is permeated throughout the whole organization.

“I hope it, like... permeates down and that to the extent we take a decision here, that... if you ask [the head of the departments] that, if a client wants something done ugly, damn fast, or if someone wants something damn qualitatively but that it may take a little longer. Then I think that most would want; well, it’s better that it takes some time and becomes good.”

It was also discussed throughout the interviews that it is difficult to define quality and how it is measured. It is stated that deficiencies in quality vary in acceptance depending on which type of deficiency it is. Generally, technical deficiencies are more widely accepted, while deficiencies related to data or methodology related deficiencies are less acceptable, since the company’s trademark is based on its data and methodology.

To sum up, we have observed some discrepancies regarding opinions on whether it’s time, cost or quality that is prioritized. These discrepancies can to some extent be explained by it varying depending on kinds of products and kinds of clients. The company has a fairly wide product portfolio containing both ongoing productions such as monthly or yearly reports, as well as projects. For instance, time is important for production of monthly reports as it has to be finished at a specific time each month. Legal documents, on the other hand, are tightly controlled by lawyers and must therefore be of high quality. The priorities may also vary depending on the client’s size, budget and preferences. On being asked whether there has been a formal decision in the organization on what is to be prioritized, one interviewee states:

“Oh, it is controlled very tightly by the client.”

However, there are still discrepancies regarding what to prioritize that cannot be explained by the above.

3.7.7 Managing the client’s expectations

Another aspect of vertical integration is the uniformity of the company’s appearance towards the client. Therefore, we here take a closer look at how different interviewees work towards the client.

There are different opinions at the company regarding how and when one should respond to a client inquiry and there has been no formal decision regarding it.
One interviewee argues that one should get back to the client as soon as possible in order for the client to feel that he or she has obtained a response:

“Yes often, we try the reconnect in some way directly, so that they know that, well, the dialogue is up and running.”

Apart from acknowledging to the client that attention has been paid to their inquiry, this fast response also serves as verification that the client actually wants the task to be done and is willing to pay for it, as well as a time estimate to the client.

Another employee strives to not respond to the client inquiry until the task has been solved, in order to limit the amount of email conversation.

“It takes less time to solve the inquiry than to say that I’ll solve it... well, minimizing communication.”

It is acknowledged that a lack of response leads to the client not knowing when in time they can expect the issue to have been solved, but it is argued that this response is not necessary, since the company over time has built the client’s expectations regarding how long an issue will take to solve. This is described as the client having gained faith in the company.

“Then they don’t need a response, because they know what’s going to happen.”

It is not uncommon that projects and tasks need to be re-planned due to urgent tasks arriving, leading to reprioritization among existing client inquiries.

At the production department, they strive not to put any new projects into the current sprint. If a very urgent task arises, such as a maintenance task that cannot be handled by the maintenance department, the production department tries to negotiate with the client whose inquiries they will have to move up in time.

“Talk to them and say, well, simply explain the situation. And it is of course usually okay as well, but... well, sometimes they say no, well then you have to try with another client.”

Re-prioritization of current tasks is more common at the maintenance department. Some employees have experienced this as problematic, while some employees have stated that this is not a problem.

To sum up; there are currently different ways of handling the client’s expectations, why the client may get an inconsistent expectation image. There has been no formal decision on how to respond to client inquiries.
4 Theory

In this Section the theory that has been used to analyze the empirical data is presented. As stated in Section 2.2.3, the literature search has been guided by the empirical findings, due to the grounded theory inspired approach. Theory to explain and discuss the challenges that have been observed at the object of study has been searched. The presentation of theory begins on a fairly high level with discussing characteristics of growing firms, followed by research on strategy implementation and alignment and different forms of organizational control. After this, more concrete areas and theory on decision making and empowerment is presented. Finally, implications of standardization in general, as discussed in theory, is presented as well as observed gaps in the literature.

4.1 Characteristics of growing firms

In order to gain an understanding of the organizational challenges within this context, one needs to look at characteristics of growing firms. This Section will present two common models for analyzing the organizational challenges in different stages of growth.

Greiner (1998) presents a model for organizational growth dividing the growth into five stages; each stage ending in a crisis:

![Greiner's model for the organization's five growth stages](image-url)

Figure 15: Greiner’s model for the organization’s five growth stages. (Greiner, 1998, p. 58)
The first stage in Greiner’s model is the creativity stage, characterized by an entrepreneurial mindset and informal and frequent communication between the organizations’ few members. However, as the company grows; the founders find themselves burdened with often unwanted management responsibilities, which leads to the first crisis, the leadership crisis, based on a surge for a strong leader within the company. (Greiner, 1998)

When a new manager has emerged, the organization embarks on the direction stage. Here, a functional organizational structure is introduced and accounting systems, budgets and work standards are adopted. But as the organization continues to grow, making the organization more diverse and complex, the working frameworks become inappropriate. The lower-level employees have come to possess more direct knowledge about daily work than the leaders at the top, which makes them feel restricted by the working frameworks and torn between following procedures and taking initiative on their own. This is the second crisis, a crisis of autonomy, which is usually solved by an increased amount of delegation, leading the company into the next phase - the delegation stage. (Greiner, 1998)

During the delegation stage, greater responsibility is given to sub-managers, and top-level executives limit their micro management and communication. This raises motivation at all levels of the organization, but eventually results in the emergence of the next crisis: the crisis of control, where top-level executives sense a loss of control over the organization. In working to regaining control of the organization, the company moves into the fourth phase: the stage of coordination. (Greiner, 1998)

The stage of coordination is characterized by the use of formal systems for achieving greater coordination, which enables more efficient allocation of a company’s limited resources. However, the increasing bureaucratization also gradually builds a lack of confidence between different parts of the organization, leading to a red-tape crisis. When the company moves through this crisis, it moves into the last phase in Greiner’s model: the collaboration stage. This stage evolves through a focus on cross-functional teams handling specific tasks and solving problems quickly through team action, in a matrix-type organizational structure. (Greiner, 1998)

Adizes (1979) has constructed another model for an organization’s life cycle, shown in Figure 16. The model is based on an argument that there are four different roles that are essential to managing an organization effectively:

- **The producing role (P)**, focusing on producing the results for which the organization exists.
- **The administrating role (A)**, referring to making decisions in the right sequence with the right timing.
- **The entrepreneurial role (E)**, focusing on adaptive changes and requiring creativity and risk taking.
- **The integrating role (I)**, focusing on building a team effort, which is supposed to enable for the organization to living past any of its key management.
In the model, Adizes (1979) uses these four roles to analyze organizational growth, as different roles are emphasized during different stages.

At the first stage, the courtship stage, there is no organization, but only one or a few founders, dreaming about “what we might do”. Thus, the emphasized role in this stage is the entrepreneurial role. (Adizes, 1979)

The next stage is the infant organization, where the entrepreneurial role is replaced by the producing role. The organization lacks policies, systems and procedures, and the founders are often overwhelmed by producing a large amount of work. The organization is under a lot of short-term pressure, and management has a tendency to miss long-range opportunities. (Adizes, 1979)

Identifying long-range opportunities is necessary for the organization to move into the go-go stage. During this stage, the organization keeps its production focus, and increases its entrepreneurial appetite, as everything appears to be an opportunity. During this phase, the founder is still very committed to the organization, and refuses to depersonalize policies and institutionalize leaderships. In order to not fall into the founder’s trap, the administrative role has to grow in importance. (Adizes, 1979)

The adolescent stage is entered as the administrative role rises in importance. During this period, policies and programs are established, shifting focus away from the production or entrepreneurial role. However, if the administrative effort is at the expense of the entrepreneurial role, the organization risks going into premature aging. The adolescence is healthy if the administrative effort is at the expense of producing results. In order to achieve this, a decision must be made to cool off the short term growth rate to permit long run growth. This often causes conflict between the founders, leading to divorce. (Adizes, 1979)

If the organization makes it through adolescence, it enters the prime stage of the organizational life cycle. Now, the organization focuses on the producing role, without losing strength in the
administrative and entrepreneurial roles. The organization’s growth rates are stable and predictable. The organization can stay in the prime stage for some time, but eventually, aspirations of top management change. When the managerial group is satisfied with the existent conditions, there will be a tendency to keep the existent stable. Following these low aspirations, the entrepreneurial role will decline, and focus will shift to the integrating role, as the organization starts enjoying its past successes and focusing on better interpersonal relations. (Adizes, 1979)

Following this, the organization moves into the mature stage. The company focuses on production, administration and integrating. There is no longer any eagerness to challenge the market or each other and spends less on R&D and marketing research, leading to a declining production orientation. (Adizes, 1979)

The next stage is the aristocratic stage. The executives of aristocratic organizations have an unconscious fear about the company and its future, but do not express their doubts. This stage is followed by further declining in the early bureaucracy stage and the bureaucracy stage, followed by the death of the organization. (Adizes, 1979)

Summing up, we have in this Section presented two models for analyzing characteristics and requirements of growing firms. The biggest difference between the models is the scope; Adizes’s (1979) model contains also the decline of the organization, whereas Greiner’s (1998) model does not. Both models emphasize the balance between different focuses during different stages. Greiner’s (1998) model states that the founders will be overwhelmed as the organization grows, and that autonomy thus must be given to the sub-managers, but that this will eventually lead to a crisis of control. The control crisis is handled through increasing systemization, but the increased systemization will eventually lead to a red tape crisis, and so on. This way, Greiner (1998) presents somewhat of a sequential shifting of focuses, while Adizes’s (1979) model more explicitly discusses the shifts in balance between the four different roles.

4.2 Strategy implementation and alignment
As discussed in the previous chapter, growth puts new requirements on an organization, forcing the organization to adapt. In order to handle this adaption in a conscious way, the organization needs a plan of action.

4.2.1 Strategy
Daft & Marcic (2011, p. 160) define the concept of strategy as “the plan of action that prescribes resource allocation and other activities for dealing with the environment, achieving a competitive advantage, and attaining organizational goals”. They argue that strategy means a long-term action plan that sees the big picture, including the organization and its competitive environment, and sees how it fits together.

Whittington (2001) presents four different perspectives on strategy categorized along two dimensions: their implications for the outcome of the strategy and the process through which the strategy is created. It is argued that the outcome of the strategy can be either just to maximize profit, or also include other purposes. As for the process through which the strategy is created; the strategy can be a result of a deliberate calculate or emerge by accident. The four perspectives on strategy are presented in Figure 17 and are thereafter explained more thoroughly.
Facilitating control in growing organizations

Theory

Figure 17: Four perspectives on strategy. (Whittington, 2001, p. 3)

- The **classical** perspective on strategy, stating that good planning will lead to the mastering of internal and external environments and maximize profit.

- The **evolutionary** perspective, which states that the environment is too unpredictable to anticipate effectively. It sees businesses like the species of biological evolution, where competitive processes select the fittest for survival. Within this perspective, it is the market, not the organization, which makes the important choices, and successful strategies emerge through the judgment of natural selection. All that managers can do is to ensure that they fit to the environmental demands of the day.

- The **processual** perspective agrees that the future is difficult to anticipate. It also argues that it due to the human nature, referring to humans’ differences in interests, limited understanding, wandering attention and carelessness, is impossible to unite around and carry through on a perfectly calculated plan. But it is argued by the processual perspective that this does not matter, since the same goes for all organizations – no one can neither know the optimal strategy nor stick to it.

- The **systemic** perspective shares the classical perspective’s notion that strategy does matter, but argue that the objectives and practices of strategy are dependent on the context. The strategists’ social backgrounds may give them other interests than profit, such as professional pride, managerial power or national patriotism. (Whittington, 2001)

Which perspective that is used has implications for how to work with strategy within the organization. Comparing the perspectives above, we see that the evolutionary and the processual perspectives both are based on a belief that the organization itself cannot control how it will perform. Thus, these two perspectives are only applicable when looking at a whole ecology of organizations. Since our study is a study of one organization in particular, we must turn to the classical and the systemic perspectives. The main difference between these two is whether there can be other goals than maximizing profit. The theory that we will present is applicable independently on the desired outcome.
Facilitating control in growing organizations

Theory

Daft & Marcic (2011) differs between strategy formulation and strategy execution. Strategy formulation includes the planning and decision making leading to the establishment and development of the strategic plan while strategy execution refers to the use of organizational tools to direct resources toward accomplishing strategic results and thus implementing the strategic plan. Several authors, among them Speculand (2009), argue the importance of not only having a strategy, but actually executing or implementing the strategy. Having a strategy that is not implemented, is equated with an architect having a plan for a building that has not been built. Implementation of the strategy is argued to be a critical issue, and poor execution is stated to be one of the main reasons that management team fails.

We will in this thesis use the notions of strategy development and strategy implementation. Strategy development refers to strategy formulation as described above, while strategy implementation refers to strategy execution as described above.

Moore (2010) discusses strategy alignment in a project-based organization. In that context, strategy alignment is achieved through choosing projects through mapping the project portfolio to the strategic goals. Therefore, we define strategy alignment as a result of strategy implementation. We see that the concept of strategy alignment can be applied also to a non-project based context, where it refers to the selection of work in general. Moore (2010) emphasizes that basing the choice of what to put resources into on strategy alignment will not necessary yield the same result as choosing projects based on their return on investment. However, despite strategy alignment being of high importance as discussed above, it is also acknowledged by Moore (2010) that other metrics such as return on investment shouldn’t be neglected. Instead, strategic alignment should be seen as one of many tools for choosing projects.

4.2.2 Working with strategy development and implementation

Speculand (2009) argues that the development of the implementation plan should be part of the development of the strategy itself. It is common that the implementation is delegated, but it is argued that leaders not taking responsibility for the implementation are one of the main reasons for the common failure of strategy implementation. According to Speculand (2009), strategy implementation requires analysis of the organization’s readiness for implementation, a systematic framework to ensure that the right actions are being taken, and determination.

However, Pearce & Robinson (1983) argue that managers in smaller organizations do not benefit from a formalized planning process, as their study of small banks without formal planning systems shows what these performed equally well with small banks with formal planning systems. We therefore conclude that the need for a formalized process for strategy development and implementation rises as a part of the overall increased need for systemization that follows organizational growth, as described in Section 4.1.

Literature contains numerous tools and frameworks for implementing strategy. Here, we will present a few frameworks on different levels and relate them to each other.

Kaplan & Norton’s (2004) balanced scorecard is a common framework for working with strategy. The framework is based on four perspectives; the financial perspective, the customer perspective, the internal perspective and the learning and growth perspective. The four perspectives contribute to the creation of a comprehensive strategy articulating all four perspectives through the development
Facilitating control in growing organizations

Theory

of a strategy map. The strategy map shows how the different objectives relate to each other. The idea is that the learning and growth perspective supports the internal perspective, which supports the customer perspective, which supports the financial perspective, all through cause-effect relationships. Then, for each objective in the strategy map, the balanced scorecard is developed with measures and targets. These are thereafter used to create an action plan, which contains strategic initiatives for each objective, along with the budget for the strategic initiative. Figure 18 below shows an example of a balanced scorecard containing a strategy map for an airline company.

Figure 18: Example of a balanced scorecard (Kaplan & Norton, 2004, p. 53)

One of the major benefits of the balanced scorecard approach, as argued by Kaplan & Norton (1992), is that it allows managers to look at the business from four different perspectives, while still minimizing information overload by limiting the number of measures used. Further, it allows for an understanding of how the strategy is to be implemented, by looking at the cause-effect relationships. This way, it is possible to identify the intangible assets that are required to enable the strategy, such as human capital, information capital, and organization capital. (Kaplan & Norton, 2004) In other
words, working with the balanced scorecard is a way of concretizing what needs to be done internally in order to execute the strategy.

However, Kaplan & Norton’s balanced scorecard primarily focuses on the development of a comprehensive and consistent strategy, and puts little emphasis to the actual implementation of the strategy. Frameworks for the implementations, assuming that there already exists a comprehensive and consistent strategy, are presented by among others Akpan (2007), Kotter in Bolman & Deal (2008) and Speculand (2009). These are presented below.

Akpan (2007) presents five steps that must be taken by each organization in order to implement a strategy:

1. All employees must be given the tools and training necessary for strategic thinking. It is emphasized that each employee must understand how their work affects profitability and other goals. The employees must also see how this alignment benefits them in order to want to take ownership and accountability.
2. The organization needs to ensure that all employees know the organizational strategy.
3. Strategic alignment must be built into the organizational structure. For instance, cross-departmental collaboration may have to be fortified in order to be able to implement a particular strategy.
4. The strategy must be reflected in job design, through hiring, training, compensation and retaining practices.
5. Ensure that the employees accept the strategy through involving all employees in the strategy formation and execution. Resistance to change is common, but employee involvement has been shown to increase the level of employee buy-in on the strategy.

Kotter, explained and expanded in Bolman & Deal (2008) present eight stages for successful change:

1. Creating a sense of urgency through involving people throughout the organization, networking with key players and telling a compelling story.
2. Pulling together a guiding team with the needed skills, credibility, connections and authority to move things along.
3. Creating an uplifting vision and strategy, through building an implementation plan and map the political terrain.
4. Communicating the vision and strategy through a combination of words, deeds and symbols. Meetings should be held to communicate direction and get feedback, and leadership should be visible.
5. Removing obstacles, or empowering people to move ahead. This can include removing or altering structures and procedures supporting the old ways and providing training, resources and support for the employees.
6. Producing visible symbols of progress through short-term victories, through celebrating early victories.
7. Sticking with the process and refusing to quit when things get tough.
8. Nurturing and shaping a new culture to support the emerging innovative ways.
Speculand (2009) presents a framework called the “Implementation Compass”. The Implementation Compass consists of eight elements that need constant attention during the implementation. These eight elements are presented in the following table:

**Table 2: Description of eight elements of strategy implementation (Speculand, 2009, pp. 18–19)**

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People</strong></td>
<td>The people within the organization are those who are going to implement the strategy. Ensure that the people have the right competencies and are motivated to execute the strategy.</td>
</tr>
<tr>
<td><strong>Biz Case</strong></td>
<td>Emotional and numerical rational for adopting the strategy.</td>
</tr>
<tr>
<td><strong>Communicate</strong></td>
<td>Communication of the strategy and the reason for its adoption to the employees.</td>
</tr>
<tr>
<td><strong>Measure</strong></td>
<td>Have the right measures in place in order to be able to inspect how the implementation is going.</td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td>Ensure a culture that supports change through changing day-to-day activities of your staff members.</td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td>Ensure consistency between what you say you are going to do (strategy implementation) and what you are doing (process).</td>
</tr>
<tr>
<td><strong>Reinforce</strong></td>
<td>Reinforce desired actions and behaviors through recognition and rewards, to ensure that they are repeated.</td>
</tr>
<tr>
<td><strong>Review</strong></td>
<td>Constant review that the right actions are being taken to deliver the right results. This is often the weakest point in organizations implementing strategy.</td>
</tr>
</tbody>
</table>

There are several similarities between the models presented above. For instance, there is a heavy focus on the *people*. All authors acknowledge that it is the employees within the organization that are going to implement the strategy, and that these employees must be given the understanding and tools to be able to do so. All authors emphasize the importance of motivating the employees to adopt the strategy. Kotter in Bolman & Deal (2008) provides concrete suggestions for motivating employees, such as celebrating early wins. The same author also has a more structural approach in his statement that structures supporting the old ways of working must be removed, although Speculand (2009) and Akpan (2007) agree that the current ways of working must be adapted. Akpan (2007) states that the strategic alignment must be built into the organizational structure, such as to enable cross-departmental collaboration, and that the job design must reflect the strategic direction. This is similar with Speculand’s (2009) element of process, where he states that the current work process must be adapted to the strategy implementation.

### 4.2.3 Common challenges

Beer & Eisenstat (2000) have conducted research studying the root causes of difficulties that 12 companies experienced with responding to shifts in competitive strategy. This study led to the identification of six barriers of strategy implementation:

1. **Top-down or laissez-faire senior management style**, expressed as, among other things, a discomfort with conflict and use of the top team for administrative matters rather than focused strategic discussions.
2. **Unclear strategy and conflicting priorities**. Often two competing strategies can be found battling for the same resources.

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64
3. An ineffective senior management team, due to lack of cooperation between the members of the team.
4. Poor vertical communication, referring both to employees receiving little information on the strategy and how it affects them, and to employees not feeling confident to bring up problems with the management.
5. Poor coordination across functions, businesses or borders, as a result of the second barrier.
6. Inadequate down-the-line leadership skills and development, as a result of a lack of leadership coaching and training.

These six barriers interact with each other and strengthen each other with regards to three dimensions: quality of direction, quality of learning and quality of implementation.

![Diagram of the six barriers to strategy implementation](Beer & Eisenstat, 2000, p. 32)

Quality of direction refers to having a clear and compelling statement of the strategic direction. Beer & Eisenstat (2000) argue that effective business strategies are about making choices and that the members of the management team all stand to gain or lose depending on which choices that are made, as these choices affect the power balance. For instance, an emphasis on decreasing product cost may increase the power of the manufacturing department, while an emphasis on innovation will move power toward the R&D department. Guth & MacMillan (1986) argue that the middle managers, who have large part in actually implementing the strategy, often are motivated more by self-interest than by the organizational interest. Therefore, it is common that middle managers intervene with strategy implementation if the purpose of the strategy does not coincide with their self-interest. This intervention can take place both during the decision-making process and during the implementation. For example, relating to above examples, a manager of the manufacturing department might try to intervene with the implementation of a strategy emphasizing innovation, as it would shift power from the manufacturing department to the R&D department. Beer & Eisenstat (2000) states that management teams often hide these differences of opinion through creating vague statements of strategy, or through creating unrealistic statements of strategy without any
Facilitating control in growing organizations

Theory

trade-offs. It is argued that trade-offs must be confronted directly in order to enable for a high quality of direction.

Moore (2010), discussing strategy in the context of a project-based organization, emphasizes the importance of translating strategy into actionable goals in order to make the strategy executable. This finding is similar to Beer & Eisenstat’s (2000) definition of quality of direction. Moore (2010) further adds another factor to the importance of having a quality of direction, namely the motivational factor. He argues that setting organizational goals also is important from an organizational culture perspective, as the act of goal setting itself encourages greater organizational focus and innovative solutions.

Quality of learning refers to the organization’s ability to implement and refine its strategy. Beer & Eisenstat (2000) argue that the employees must be helped to understand why changes in the outside world result in a demand for new ways of working together, and how the new strategy will affect their priorities. Further, if employees are unsure of where the business is supposed to be going, they can neither contribute to getting the business there, nor warn the managers if the business is going in another direction. These statements can be seen as supported by Akpan’s (2007) and Speculand’s (2009) arguments regarding the importance of communicating the strategy and its rationale to the employees. In Beer & Eisenstat’s (2000) model, the quality of learning is dependent on two factors: having a strategic consensus, and having sufficient vertical communication.

Unlike these two dimensions, which are on a management level, the third dimension, quality of implementation, is on an operational level. Quality of implementation refers to how well the implementation itself proceeds, and is dependent on coordination, vertical communication and having adequate down-the-line leadership skills.

4.3 Forms of organizational control
Söderlund & Tell (2012) define control as a way of implementing strategy. Kärreman & Alvesson (2004) further state that control is a way of influencing actions and activities, through specifying, monitoring and evaluating individual and collective action. Therefore, we will in this chapter discuss different forms of organizational control.

4.3.1 Overview of forms of control
As mentioned above, control is a way of influencing actions and activities. Therefore, it is beneficial in the way that it increases the probability that the organizational objectives will be achieved. Tighter control should provide a higher probability that the employees have the desired behavior. The opposite of tight control is referred to as loose control. (Merchant & Van der Stede, 2007)

Organizational control can be exercised in different ways. Throughout literature, there are several different distinctions between different forms of control. The distinctions are more or less similar. In this section, we intend to cover the field’s most prominent authors’ takes on the different forms of control.

Kärreman & Alvesson (2004) discuss that there are two main categories of forms of control: technocratic control and socio-ideological control. Technocratic control attempts to directly control worker behavior through working with plans, arrangements and systems targeting behavior and/or measurable outputs. Examples of this form of control is hierarchies, human resource management
procedures such as evaluations, standardized work procedures and standardized career paths. Socio-ideological control, on the other hand, attempts to control the workers and their actions indirectly through their norms, values and ideas of how things should be done. (Svenningson, Alvesson, & Kärreman, 2010)

A similar categorization has been made by Barley & Kunda (1992) who refer to this as rational and normative rhetoric and control. According to rational theories of management; the workforce is most effectively controlled by streamlining production processes, while the idea of normative control is that managers can regulate works more effectively by attending to their thoughts and emotions, winning the hearts and minds of the workforce. Barley & Kunda (1992) refer to this as the most subtle form of control: moral authority. The authors argue that management rhetoric historically has alternated in a wave-like manner between being normative and rational.

Bolman & Deal (2008) categorizes four ways of looking at management, and thus implicitly control, named “frames”: the structural frame, the political frame, the human resource frame and the symbolic frame. The structural frame sees the organization in a rational and detached manner and emphasizes formal power, much similar to Kärreman & Alvesson’s (2004) definition of technocratic control and Barley & Kunda’s (1992) idea of rational control. Bolman & Deal’s (2008) political frame views organizations as coalitions of individuals between which there are differences in values, opinions, information and interests. Along with an organization’s constantly scarce resources, this places conflicts and power in the centrum of the frame. The human resource frame takes an individualistic perspective and argues that the organization exists to meet the need of the individual, not the other way around. It emphasizes that both the individuals and the organization is benefitted when there is a good fit between the individual and the organization. The symbolic perspective focuses on how the organization’s culture, expressed through symbols, gathers the members of the organization through common values, beliefs and norms. (Bolman & Deal, 2008) This is a form of indirect control, similar to Kärreman & Alvesson’s (2004) sociocultural control and Barley & Kunda’s (1992) normative control.

Ouchi (1979) distinguish between three forms of control: bureaucratic control, market control and clan control. Bureaucratic control is characterized by close personal surveillance, direction of subordinates by superiors and task information being contained in rules. Thus, this form of control is similar to Kärreman & Alvesson’s (2004) notion of technocratic control as well as Barley & Kunda’s (1992) rational control. Ouchi’s (1979) notion of market control was mainly found in a purchasing department, where traditional market mechanisms were controlling the employee’s actions. Here, decisions only need to be checked against the simple criterion of cost minimization. It is argued that market is a very efficient mechanism of control in a frictionless market. The more major market defects, the less effective is control based on market mechanisms. Therefore, the appropriateness of the market control is largely dependent on the context. The last form of control, social control, happens through a socialization process where members of a group with different backgrounds achieve the same values. This notion correlates with Bolman & Deal’s (2008) notion of culture, as well as Kärreman & Alvesson’s (2004) sociocultural control and Barley & Kunda’s (1992) normative control.

Merchant & Van der Stede (2007) differ between four forms of control: result control, action control, personnel control and cultural controls. Result control is based on rewarding employees for
generating good results. Action control involves ensuring that the employees perform certain actions that are known to be beneficial to the organization. This type of control can be implemented for instance through behavioral constraints such as physical or administrative constraints. Merchant & Van der Stede (2007) state that this is the most direct form of management control since it focuses on the action. Thus, this form of control has similarities with Kärreman & Alvesson’s (2004) notion of technocratic control as well as Barley & Kunda’s (1992) rational control. Personnel control is a way of making the employees control themselves through ensuring that the employees are experienced, honest, and hard working. Personnel control is usually implemented through the selection and placement of the employees, training and job design. (Merchant & Van der Stede, 2007) This form of control has similarities with Bolman & Deal’s (2008) human resource perspective in the way that it focuses on the individual and emphasizes the fit between the individual’s characteristics and the organization. As for the Merchant & Van der Stede’s (2007) notion of cultural controls, it is stated that they work through shaping organizational behavior norms; thus adopting the same definition as Bolman & Deal (2008) and correlating with Kärreman & Alvesson’s (2004) sociocultural control and Barley & Kunda’s (1992) normative control.

As a way of getting a better overview of the above different control forms and their similarities, we have compiled the following chart over the control forms. The chart is based on our interpretation of the forms of control as explained above. We have chosen to position the different control forms on a scale from indirect to direct control since this way of categorizing the different forms have been recurring throughout the literature.

Figure 20: Overview of different forms of organizational control as found in literature.

To conclude; all authors have presented extremities in the form of one entirely direct and one entirely indirect form of control. Apart from these extremities, we have observed different variations of the scale in between. The different scales have had different dimensions.

Due to our chosen research method, our choice of literature to study has been tightly controlled by our empirical findings. Since the purpose of this literature study is to be able to explain the challenges and understand the relationship between them and how organizations can work with these in a sustainable way, we have chosen to deepen the study of the two forms of control that we have observed at our object of study; namely result control and cultural control, as defined by Merchant & Van der Stede (2007). Our notion of cultural control will however not be entirely based on Merchant & Van der Stede (2007), but include the above discussed definitions of indirect forms of control. Results controls and cultural control are discussed in further depth in the following sections.
4.3.2 Result control

As mentioned in Section 4.3.1, results controls refer to the rewarding of employees for generating good results. Results controls do not tell employees what actions they should take, but encourage the employees to be concerned about the consequences of the actions they take. Upon the implementation of results controls, an alignment of the organization’s goals and the employees’ individual goals occurs, since fulfilling the organizational goals also will lead to a personal reward for the employee. Therefore, results controls often have motivational benefits. (Merchant & Van der Stede, 2007)

Merchant & Van der Stede (2007) identify four steps of implementing results controls: (1) defining the dimension(s) on which results are desired, for instance profitability or customer satisfaction, (2) measuring performance on these dimensions, (3) setting performance targets for the employees, and (4) providing rewards to encourage behaviors leading to the desired result.

The first step, defining the dimension(s) on which results are desired, is emphasized to be particularly important, since having adequate goals is critical for achieving successful results control. It is argued that what you measure, is what you will get, regardless of whether the measurements are adequate or not. This standpoint, that what you measure is what you get, has been adopted by several prominent authors, among others Hauser & Katz (1998) and Kaplan & Norton (1992). Hauser & Katz (1998) present the following model for how measures interact with outcome:

![Figure 21: The relation between measures, actions and decisions, and desired outcomes. (Hauser & Katz, 1998, p. 520)](image)

Merchant & Van der Stede (2007) emphasize that the decision of what to measure is a challenging process that often requires certain tradeoffs to be made.

The second step, measuring performance on these dimensions, require measures to be defined. (Merchant & Van der Stede, 2007) According to Hauser & Katz (1998), the key when defining measures is that actions and decisions that move the measures in the desired direction also should move the firm’s outcomes in its desired direction. In other words, the direction of the measures and the outcome should correlate. It is also beneficial if the measures can be measured sooner than the outcomes. Merchant & Van der Stede (2007) add that the organization must be able to measure the results effectively. This is defined as the results measures being precise, objective, timely, and understandable.
Measures used can be of different types. Some measures are objective financial measures, such as net income and earnings per share, while some measures are nonfinancial, for instance market share and customer satisfaction. There can also be measures involving subjective judgments, such as “being a team player” (Merchant & Van der Stede, 2007), but several authors, among others Kaplan & Norton (1992) argue that these measures are not good as they are not possible to actually measure. Also, some risks with financial measures are acknowledged by Merchant & Van der Stede (2007). For instance, a heavy focus on return on investment often leads to sub optimization, through decisions being made benefitting the own group’s return on investment but not the organization as a whole. It can also result in misleading performance signals. Kaplan & Norton (1992) agree that using only financial measures, which was often the case historically, can be harmful in today’s competitive environment where continuous improvement and innovation are valued as success factors. However, they do not argue that financial measures should be abandoned completely; instead they argue for a more balanced presentation containing both financial and operational measures, namely the balanced scorecard, which was presented in Section 4.2.2. The thought of a more balanced set of measures is supported by other authors such as Lachotzki & Noteboom (2005).

Financial measures are more commonly found high up in the organizations, while the operational level often is evaluated based on operational data that are controllable on a local level. The employees that are to be controlled must be able to influence the desired result areas significantly. Therefore, in the middle of the organization, financial goals must be translated into operational goals. (Merchant & Van der Stede, 2007)

The third step of implementing results controls is, as mentioned, to set performance targets for the employees. These targets should be set for each performance dimension that is measured. (Merchant & Van der Stede, 2007) As discussed in Section 4.2.2, the act of goal setting itself has been shown to increase employee motivation. Merchant & Van der Stede (2007) adds that setting performance targets is beneficial due to it enabling for the employees to interpret their own performance through comparing actual performance with predetermined performance targets.

The targets that are set should have a time frame. Several authors, such as Gordon (2004) and Witthaut (2000), argue that short-term goals may have a time frame of approximately a year, while a time frame of three years are reasonable as a mid-term goal. Griffin (2011) argues that the meaning of different time frames varies by level. On the strategic level, long-term might refer to ten years or more, intermediate-level might refer to around five years, and short-term around one year. However, at the operational level, two or three years may be considered to be long-term, while short-term refers to a time frame as short as a week or so.

Fourth, and finally, rewards should be provided to encourage behavior leading to the desired results. These rewards are referred to as incentives and can take various forms, such as salary increases, promotions, job assignments, training opportunities and recognition. These types of rewards are referred to as extrinsic rewards. However, it is also acknowledged that results controls can have a positive effect even if no rewards are provided, as employees are also motivated by the sense of accomplishment itself that is derived from fulfilling a goal. This type of motivation is called intrinsic rewards. (Merchant & Van der Stede, 2007) It has been shown in several studies that intrinsic motivation outperforms extrinsic motivation. (Cruz, Pérez, & Cantero, 2009; Osterloh & Frey, 2000) Cruz, Pérez & Cantero (2009) explains this with the intrinsic motivation’s implication of the
employee’s commitment to the organization. Through being involved in the decisions that are made, the employees develop a sense of ownership, through which they are inclined to look beyond their stated responsibilities and do what is necessary. (Lucas & Ogilvie, 2006)

4.3.3 Cultural control

4.3.3.1 Definition of organizational culture

Schein (2010, p. 23) defines culture as follows:

“a pattern of shared basic assumptions that a group learned as it solved its problems of external adaptation and integration, that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”

Merchant & Van der Stede (2007) states that cultures are built on shared traditions, norms, beliefs, values, ideologies, attitudes and ways of behaving. Similarly, Bolman & Deal (2008, p. 278) define an organization’s culture as “the way we do things around here”, and states that it “anchors an organization’s identity and sense of itself”.

According to Bolman & Deal (2008), an organization’s culture is built over time as members develop these beliefs, values, practices and artifacts. These are also transferred to new recruits. The organizational culture is expressed through symbols, which are created by humans in order to make sense of the insecurity and ambiguity of the world. A symbol can take many different forms, such as myths, visions, stories and rituals.

We choose to define culture as a set of shared assumptions and values that are shared within a particular group. These form the basis for how members of the group interpret reality.

4.3.3.2 Forces of cultural adaptation

An organizational culture is not independent from its surroundings but intertwined and affected by a number of forces. We will here take a close look at the forces of adaptation that an organizational culture is exposed to.

All individuals have some form of cultural baggage, which needs to be able to coexist with the organizational culture. This cultural baggage is accumulated throughout life, which implicates that for instance newly graduated employees have the lowest amount possible of social baggage. When the individual, with his/her cultural baggage, is placed in a new organizational culture, there is always a period of adjustment. This adjustment occurs primarily from the individual, but also from the organization. If successful, the adjustment process results in the individual socially identifying himself/herself with the organizational culture. When an individual identifies socially with a culture, he/she begins also begins to act along with the expectations of the culture. This contributes to making organizational culture a very powerful form of control. For instance; if the organization is seen as a superior organization, the employees will act to generate superior results. (Kärreman & Alvesson, 2004; Robertson & Swan, 2003)

Denison & Mishra (1995) claim that culture is developed when the organization learns to cope with internal integration and external adaptation and. DiMaggio & Powell (1983) supports the external part of the statement through arguing that organizations within a particular field are exposed to
powerful forces that lead them to become more similar. This is called isomorphism, and is defined by Hawley (1968) in DiMaggio & Powell (1983, p. 149) as:

“a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions”

DiMaggio & Powell (1983) identify two types of isomorphism: competitive isomorphism and institutional isomorphism. Competitive isomorphism assumes a system of rationality that emphasizes market competition, niche change and fitness measures, while institutional isomorphism refers to forces pressing organizations towards accommodation with the outside world. Apart from these two types, Oliver (1988) also identifies a third type of isomorphism: population ecology, according to which organizations that face similar environmental conditions become isomorphic due to being constrained by the same aspects.

DiMaggio & Powell (1983) emphasize institutional isomorphism and distinguish between three mechanism through which institutional isomorphic change occurs: coercive isomorphism, mimetic isomorphism and normative isomorphism. Coercive isomorphism results from political influences, cultural forces and legitimacy issues. Mimetic isomorphism happens as imitation of similar organizations is done, which is a standard response to uncertainty. Normative isomorphism stems from professionalization, which means that members of an occupation collectively try to define the conditions and methods of their work.

According to Merchant & Van der Stede (2007) it is difficult to achieve tight cultural control in companies. Tight cultural control requires a strong culture, which is difficult to maintain, particularly in large companies, due to the diversity and dispersion of people. As discussed above, the organizational culture is constantly exposed to a number of forces; both as a result of new individuals joining the culture and as a result of the isomorphism that follows the adaption to the environment. Merchant & Van der Stede (2007) argues that having a strong culture in a large company puts high requirements on training and reinforcement to withhold the culture. Instead, many organizations combine different forms control to achieve control tightness.

4.3.3.3 Cultural control and organizational effectiveness
Denison & Mishra (1995) study cultural traits in relation to organizational effectiveness. They argue that there are four traits related to different kinds of organizational effectiveness – involvement, consistency, adaptability and mission. They claim that involvement and adaptability are indicators of flexibility, openness and responsiveness, whereas consistency and mission are indicators of integration, direction and vision. Further, it is stated by the authors that involvement and adaptability are indicators of growth, while consistency and mission are indicators of profitability. Denison & Mishra (1995) claim that all of the four traits also are indicators of other criteria linked to effectiveness, such as; quality, employee satisfaction and overall performance.

Involvement amongst the employees within an organization creates a sense of ownership. When an employee senses a greater ownership he also gains a greater commitment to the organization and enables for autonomy in work. This further leads to a better quality of decisions and their implementation. The trait defined as consistency is referring to the degree of normative integration throughout the organization or as the strength of the culture. An implicit control system is claimed to be a more effective tool for achieving coordination and integration than external control systems
Facilitating control in growing organizations

The trait **adaptability** refers to an organization’s capacity for internal change as a response to external factors. Denison & Mishra (1995) present theory by Calori & Sarnin (1991) claiming that organizations focusing on adaptability are more likely to prioritize the client’s satisfaction and being willing to try new ideas – characteristics stated to be closely tied to growth. In contrast to the adaptability trait, the **mission** trait emphasizes the stability of the purpose of an organization rather than an organization’s ability to adapt to the outer world. It provides purpose, meaning and non-economic reasons of existence for the organization as well as defines a course of action for the members of the organization. (Denison & Mishra, 1995)

The four traits appear in Figure 22 where they are mapped to their focus on the external orientation or internal integration as well as orientation towards flexibility or stability.

![Figure 22: Model of the four cultural traits related to effectiveness (Denison & Mishra, 1995, p. 216)](image_url)

Cameron & Freeman (1991) propose a model consisting of four types of cultures and their main characteristics. They argue that few organization have got characteristics associated with only one of the four types but that most have a clearly dominant type. The model, presented in Figure 23, focuses on four types of attributes that is argued to be core attributes of culture: (1) the dominant characteristics or values, (2) the dominant leadership style, (3) the bases for bonding or coupling and (4) the strategic emphases within the organization. Congruence is described by the authors as being a spectra from high congruency, when the organization have all four attributes dominated by the same type of culture, to low congruency when the culture has attributes related to all four of the types of cultures. The meaning of congruence refers to the congruence within the culture rather than the homogeneity amongst subcultures within the organization.
Cameron & Freeman (1991) state that an organization’s culture is congruent when the dominant attributes, the leader style, what enables bonding and also the strategic emphases are consistent also expressed as being within the same quadrant of the model. The authors further claim that the strength of an organization’s culture is indicated by the dominance of a specific type out of the four presented types. Hence, they argue that it is possible to have a weak congruent culture but not a strong incongruent culture.

Cameron & Freeman (1991) argue that there is no significant correlation between congruency of an organization’s culture and the effectiveness of the organization. Neither is there stated to be any correlation between the strength of the culture and effectiveness in general. Looking specifically at the clan culture, there are indications that there is a positive correlation between the strength of the culture and the effectiveness of the organization, but this does not apply to the other types of cultures. Organizational effectiveness is described by the authors as a number of characteristics related to client satisfaction and client benefit, employee satisfaction and organization health.

Cameron & Freeman (1991) further state that organizations with a dominant clan culture has been proved to be more effective when it comes to questions regarding morale and human resource concerns. The adhocracy is stated to be more effective than other types of cultures when it comes to questions regarding the external environment. The market culture is said to be most effective regarding the ability to acquire resources from the external environment. Finally, the hierarchy type of culture is claimed not to be pivot on any of the effectiveness attributes studied by the authors. Concluding this, the authors argue that it is important to have a culture that correlates to the

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**Figure 23: A model of cultural congruence for organizations (Cameron & Freeman, 1991, p. 27)**

<table>
<thead>
<tr>
<th>Type: Clan</th>
<th>Type: Adhocracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominant attributes: Cohesiveness, participation, teamwork, sense of family</td>
<td>Dominant attributes: Creativity, entrepreneurship, adaptability, dynamism</td>
</tr>
<tr>
<td>Leader style: Mentor, facilitator, parent-figure</td>
<td>Leader style: Entrepreneur, innovator, risk taker</td>
</tr>
<tr>
<td>Bonding: Loyalty, tradition, interpersonal cohesion</td>
<td>Bonding: Entrepreneurship, flexibility, risk</td>
</tr>
<tr>
<td>Strategic Emphasis: Toward developing human resources, commitment, morale</td>
<td>Strategic Emphasis: Toward innovation, growth, new resources</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Type: Hierarchy</th>
<th>Type: Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominant attributes: Order, rules and regulations, uniformity, efficiency</td>
<td>Dominant attributes: Competitiveness, goal achievement, environment exchange</td>
</tr>
<tr>
<td>Leader style: Coordinator, organizer, administrator</td>
<td>Leader style: Decisive, production- and achievement-oriented</td>
</tr>
<tr>
<td>Bonding: Rules, policies and procedures, clear expectations</td>
<td>Bonding: Goal orientation, production, competition</td>
</tr>
<tr>
<td>Strategic Emphasis: Toward stability, predictability, smooth operations</td>
<td>Strategic Emphasis: Toward competitive advantage and market superiority</td>
</tr>
</tbody>
</table>
attributes of organizational effectiveness most relevant to the specific case rather than having a specifically congruent or strong culture.

### 4.3.4 Control within knowledge-intensive organizations

After discussing different forms of control, we here discuss control within our specific context. Our object of study performs knowledge intensive work, and we will now examine which implications this may have on which forms of control that are suitable.

Historically, control has primarily been exercised through technocratic control forms such as hierarchies, employee evaluations, standardized work procedures and standardized career paths. However, the last decades have brought a shift in the society, primarily an expansion of knowledge work (Kärreman & Alvesson, 2004), referring to work that is primarily intellectual. This has effects on the characteristics of the organization in the way that the organization now primarily consists of highly qualified individuals, using intellectual and symbolical skills to perform advanced, intellectual work. Because of the employees’ high qualifications and intellectual skills, they expect equal social relations, requiring less hierarchy and an emphasis on autonomy. Thus, it is difficult to exercise technocratic control in this environment. (Svenningson et al., 2010) Instead, organizations with a high level of knowledge work often use socio-ideological control attempting to control the organization through controlling the workers’ social identity and actions through the organization culture. (Kärreman & Alvesson, 2004; Svenningson et al., 2010)

Svenningson et al. (2010) describes socio-cultural control as a replacement for technocratic control in organizations with a high level of knowledge work, but Kärreman & Alvesson (2004) emphasizes the interaction between the two control forms discovered in a case study of a firm incorporating powerful elements of both technocratic and socio-cultural control. It is argued that the structural elements that are present, primarily a strong hierarchy, to a large extent is strengthened and made legitimate through cultural control. The other way around, the technocratic forms of control also strengthen the socio-cultural forms of control.

### 4.4 Decision making

As emphasized in sections 4.2.3 and 4.3.2, making decisions with tradeoffs are a crucial part of both developing a comprehensive strategy and developing and implementing a functional control system. Having a functional decision making process becomes central to ensure that above areas are functioning well. Thus, we will in this Section take a closer look at different kinds of decision making.

According to Daft, Murphy & Willmott (2010) decision making can be divided in two parts – **problem identification** and **problem solution**. During the problem identification, information about environmental and organizational conditions is monitored to diagnose the cause of the perceived shortcomings. During the problem solution stage, alternative courses of actions are taken into consideration, and one alternative is selected. Similarly, Mintzberg, Raisinghani & Théorêt (1976) have divided the decision making process into three phases: **the identification phase**, **the development phase** and **the selection phase**. The identification phase consists of two routines: **decision recognition**, when opportunities, problems and crises are recognized and evoke decisional activity, and diagnosis, where management tries to understand the reason behind the evoking of the decisional activity, and determine cause-effect relationships for the decision situation. The development phase also consists of two routines: **search**, which is the search for possible ready-made solutions, and **design**, which is the development of custom-made solutions or modification of
Facilitating control in growing organizations

The last phase, the selection phase, is a multistage, iterative process that can be intertwined with the development phase or independent. We see that Daft et al.’s (2010) problem identification is equal to Mintzberg et al. (1976) identification phase, whereas Daft et al.’s (2010) problem solution incorporates both the development phase and the selection phase by Mintzberg et al. (1976).

Organizational decision can vary in complexity and can be categorized as programmed or non-programmed. Programmed decisions refer to repetitive and well defined decisions with existing procedures for solving the problem, while non-programmed decisions refer to unfamiliar and new problems which are vaguely defined and for which one does not have existing procedures for solving. (Daft et al., 2010)

The individual decision making process is described by Daft et al. (2010) as having either a rational approach or a bounded rationality approach.

The rational approach is characterized by systematization of the process. It is argued that it is to be seen as an ideal process which is hard to reach in reality; but is to strive for. It is also argued that acknowledging and understanding the rational decision making process can assist in making better decision even if the process itself is not entirely applicable. (Daft et al., 2010)

The rational decision making process has been broken down by Daft et al. (2010) into eight steps:

1. Monitor the decision environment, in order to indicate deviations from planned or acceptable behavior.
2. Define the decision problem, through identifying essential details of the problem such as where, when, who, and how.
3. Specify decision objectives, in other words, determining what performance outcomes that should be achieved by the decision.
4. Diagnose the problem, through digging below the surface to analyze the cause of the problem.
5. Develop alternative solutions, referring to understanding which options that are available.
7. Choose the best alternative.
8. Implement the chosen alternative.

In other words, the first four steps correspond to the problem identification, while the last four steps correspond to the problem solution. It is also argued by Daft et al. (2010) that several of these steps might be minimized due to the usage of experience.

The rational approach, as described above, requires somewhat of an ideal environment. In reality, resources such as time are always limited. Thus, it is often not possible to make a fully rational decision, evaluating every goal, problem and alternative, and the rational attempt is bounded by the complexity. (Daft et al., 2010) In these cases, the decision maker may rely on intuition. Intuition is defined by Carl Jung in Isaack (1978) as “the psychological function which transmits perceptions in an unconscious way”. Therefore, intuition is able to present a pattern without our being able to explain how it was arrived at. Through intuition, prior experience can be used to incorporate intangible elements at all stages during the decision making; an approach that is referred to as the bounded
Facilitating control in growing organizations

**Rationality Approach.** This approach can be desirable for instance when facing novel and vaguely defined problems. (Daft et al., 2010)

Hammond, Keeney & Raiffa (1998) discuss common challenges with decision making. It is stated that bad decisions often are a result of the way in which the decisions were made. For instance, the alternatives may not have been clearly defined, or the right information may not have been collected. However, it is argued that the fault does not always lie in how the decision was made, but in the mind of the decision maker. It is argued that the human brain can actually sabotage our decisions through using unconscious routines to cope with the complexity. For instance, the human brain equates clarity with proximity, why we interpret fuzzy objects to be located far away. Five traps in decision making are presented:

- **The anchoring trap**, referring to the mind giving disproportionate weight to the first information it receives. Therefore; initial impressions, estimates or data strongly influence subsequent thoughts and judgments.
- **The status-quo trap**, which refers to the fact that we all are biased and inclined to make decisions that are in correlation with the current state of the world. For instance, the first electronic newspapers were designed to look like its print predecessors.
- **The sunk-cost trap**, which refers to our inclination towards making choices in a way that justifies past choices, although the past choices no longer seem valid.
- **The confirming-evidence trap**, referring to the seeking out of information that supports our existing instinct or point of view, while avoiding information that contradicts it.
- **The framing trap**. How the problem is framed has large impact on other traps such as the anchor trap or the status quo trap.

These findings of how the human brain might sabotage decisions implicate that intuition, contradictory to what was argued by Daft et al. (2010) and Isaack (1978), may not be beneficial to use as only source during decision making. We conclude that intuition is an effective and beneficial way to grasp complex problems, but that it should be paired with some rational systemization in order to secure the quality of the decision.

### 4.5 Empowerment

The concept of **empowerment** refers to sharing power through delegating it or authority to subordinates in an organization. (Conger & Kanungo, 1988; Daft et al., 2010) This management technique has proven to be competitively advantageous and successful particularly in knowledge-based organizations. (Maynard, Gilson, & Mathieu, 2012) Several reasons for its success are discussed throughout the literature. Daft et al. (2010) argue that empowerment enables for the employees to perform their jobs in a more effective way. Spreitzer (1995) argues that empowerment results in managerial effectiveness and increases innovation. Conger & Kanungo (1988) add that empowerment increases employee motivation through allowing for the individuals to choose how to do their tasks and use their creativity. They also argue that empowerment satisfies the need for power that all individuals are assumed to inhabit, originating from the human’s intrinsic need for self-determination and a belief in self-efficacy.

According to Bowen & Lawler (1992), employees need the following four elements to reach empowerment: (1) information about company performance, (2) rewards based on company
Facilitating control in growing organizations

Theory

Performance, (3) knowledge and skills to contribute to company goals, and (4) the power to make substantive decisions. Power can, according to Conger & Kanungo (1988), be achieved in one of the following four ways: (1) based on the office or structural position, (2) based on the characteristics of the individual, (3) based on expertise, and (4) based on the opportunity for the individual to access specialized knowledge or information. The same authors further state that an individual’s need for power is met when they perceive that they can sufficiently cope with events, situations and people. An individual gets frustrated when that need is not fulfilled.

Spreitzer’s (1995) study of psychological empowerment, defined as the motivational part of the empowerment concept, showed four characteristics to precede empowerment: (1) locus of control, which is a personality characteristic referring to individuals believing that they can control events that affect them, (2) self-esteem, (3) access to information and (4) rewards. Merchant & Van der Stede (2007, p. 26) adds that results controls, as described in Section 4.3.2, are necessary in an organization using empowerment.

Comparing Bowen & Lawler (1992) and Spreitzer (1995), the respective author’s findings somewhat correlate. For instance, both authors have emphasized the importance of information and rewards to the employees that are to be empowered. Bowen & Lawler (1992) also emphasize the factor of power, which is not mentioned by Spreitzer (1995). Instead, Spreitzer (1995) emphasizes personality characteristics such as locus of control and self-esteem.

Conger & Kanungo (1988) propose the following model for the empowering process:

![Figure 24: Five stages in the process of empowerment by Conger & Kanungo (1988, p. 475)]

The model consists of five stages: identifying conditions leading to powerlessness, using managerial strategies & techniques, providing self-efficacy information, empowering experience and behavioral effects. During the third phase, the conditions leading to powerlessness should be removed. When individuals are empowered, their expectations of personal efficacy are strengthened.

Empowerment can have varying degrees. Some companies might go as far as to give employees almost complete freedom and power to make decisions, while some companies might just encourage workers’ ideas, leaving the final authority for decisions at managerial level. (Ford & Fottler, 1995) Bowen & Lawler (1992) define three levels of empowerment: (1) suggestion involvement, where employees are encouraged to contribute ideas through formal suggestion programs or quality circles,
(2) *job involvement*, where jobs are redesigned so that the employees get to handle a whole identifiable piece of work by themselves, and (3) *high-involvement*, where employees on all levels are given a sense of involvement in the total organization’s performance.

Despite empowerment having proven advantageous effects, there are also some challenges. Maynard et al. (2012) particularly point out that it is difficult to make people give up power and control, why there often is a managerial resistance to empowerment initiatives. Conger & Kanungo (1988) also enumerate a number of risks to empowerment, categorized into four categories: *organizational factors, supervisory style, reward systems and job design*. Organizational factors refer to for instance competitive pressures and impersonal bureaucratic climates, which are harmful with regards to empowerment. Deficiencies in supervisory style, such as authority and negativism, are also a large risk, as well as deficiencies in reward systems, such as arbitrary reward allocations or low incentive value of rewards. Finally, inadequate job design is also a risk factor. Examples of inadequacies with regards to job design can be lack of role clarity, unrealistic goals, lack of appropriate authority or limited contact with senior management.

### 4.6 Implications of standardization

The nature of the research questions may also raise questions about whether it’s even good to standardize the business process, or if the standardization of the process might result in other types of challenges. According to Greiner’s (1998) model, as presented in Section 4.1, an increased usage of formal coordination systems increases bureaucratization, lowers creativity and risks to build a lack of confidence between different parts within the organization, eventually leading to a “red-tape crisis”. It is argued widely throughout the literature that a too bureaucratic organization lacks in creativity and is unable to take on projects that are not standardized to fit the company’s bureaucracy.

Geraldi (2008) studied flexibility of organizations in relation to the nature of the work performed in the organization in a project-based context. It is argued that there is an optimal fit between the complexity of an organization’s project portfolio and the flexibility of the organization, “the edge of chaos”. The model encompasses two different types of complexity, requiring different types of organizational support: (1) complexity of fact and (2) complexity of faith. Complexity of fact is a form of structural complexity that occurs when it is necessary to deal with a large amount of interdependent information. Here, the challenge is to keep an overview of the problem and not get lost in details of the information. Complexity of faith, on the other hand, is present when solving new types of problems and dealing with high uncertainty. Thus, one has to have faith in the solution albeit not knowing if the project outcome will work at all.

“The edge of chaos”, meaning the optimal fit between the complexity of the organization’s project portfolio and the flexibility of the organization, is labeled as “Fit” in Figure 25.
Facilitating control in growing organizations

As seen in the model, Geraldi (2008) argues that a complexity of faith requires a large amount of flexibility within the organization while a complexity of fact is easier managed with lower organizational flexibility. Four organizational archetypes are presented in the model: (A) the creative-reflective organization, (B) mechanic-structured, (C) chaotification of order, and (D) bureaucratization of chaos. The archetypes will not be discussed further here as they are not of key relevance to this particular study, but are worth to mention since they are a vital part of the model.

Blichfeldt & Eskerod (2008) discuss implications of standardization on an organization from another point of view, that of the scope of project portfolio management (PPM). PPM is defined as:

> “the managerial activities that relate to (1) the initial screening, selection and prioritization of the project proposals, (2) the concurrent reprioritization of projects in the portfolio, and (3) the allocation and reallocation of resources to projects according to priority” (Blichfeldt & Eskerod, 2008, p. 358)

Since PPM involves putting all projects through the same selection, reprioritization and resource reallocation process, PPM can be seen as a form of standardization. According to Blichfeldt & Eskerod (2008), many project-oriented companies experience resource-related problems due to the project portfolios containing some projects only known as departmental level. As they are unknown to the top management, they are not subject to PPM. While each one of these un-acknowledged projects doesn’t tie up many resources, the number of such projects suggests that they all in sum take up a lot of resources.

Blichfeldt & Eskerod (2008) discuss two possible solutions for managing this challenge. First, one could have PPM embrace all projects, no matter how small they are. However, the resource burden arising from administrating every small project is very high compared to expected benefits. Also, this leads to a form of bureaucracy that reduces employee flexibility and harms the organization’s

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**Figure 25: Organizational design versus complexity.** (Geraldi, 2008, p. 353)
Facilitating control in growing organizations

creativity, much like the issues with standardization and its effects on flexibility and creativity as discussed by Greiner (1998) and Geraldi (2008). Instead, the second solution suggests an allocation of a pool of loosely-controlled resources for the un-enacted projects to draw on. For instance, 80% of the resources could be covered by PPM and 20% could be set aside for employees to allocate across smaller projects. This solution allows individuals to start up their own projects, thus ensuring that creativity is maintained in the organization. (Blichfeldt & Eskerod, 2008) In other words, this second solution suggests that a part of an organization could be standardized through forcing a certain percentage of an employees work to go through PPM, while a smaller part of the organization could be subject of higher flexibility and employee empowerment, ensuring that creativity is maintained in the overall organization.

Geraldi (2008) and Blichfelt & Eskerod (2008) have discussed implications of standardization from different angles, but both in a project-based context. A large part of our object of study is conducting project based work, but we see that the findings above are applicable also to the non-project based part of the organization, where the complexity of the project portfolio refers to the complexity of the nature of the work in general, and PPM refers to the selection of what to work on in general.

4.7 Gaps in the literature

In Section 2.2.3, we discussed that our literature search was controlled by our empirical findings due to our grounded theory-inspired approach. We searched for literature to understand the phenomena that we observed in the empirical study.

At our object of study we observed a general lack of decisions made. However, we have not been able to locate any literature on this phenomenon; explaining why decisions are not made and what general implications it has. We have been able to derive some explanations and effects of the lack of decisions being made from our empirical data, why this will be regarded to be a contribution to existing theory.

Further, our study began in the by our object of study articulated challenges with synchronization and knowledge and information transfer. In our theoretical findings, some effects of deficiencies within the areas studied have been articulated, but few of these have been related to knowledge and information transfer in particular. This connection is the core of our study and is to be considered our greatest scientific contribution.
5 Analysis

This chapter presents and discusses the different categories that have been distilled from working with the cause-effect tree, using existing theory, presented in Section 4, to explain the findings. It was not possible to derive all challenges to one single category, but a number of categories of underlying causes have been found. These causes and their categories are not entirely independent, but relate to each other. The complete tree is found in Appendix 4.

5.1 Shifting requirements as organizations grow

In Section 4.1, we presented Greiner’s (1998) model for organizational growth. Based on our empirical data, we would place our object of study in the delegation phase. Today, a large amount of responsibility is given to the operational management, while top management is hesitant to be involved in details. However, there is a general feeling within the company of not having control, and not knowing what is going on in other parts of the company. Thus; we conclude that the organization is heading towards a crisis of control. According to Greiner (1998), the organization must introduce formal systems for achieving greater coordination and moving on from the delegation phase, into the next phase – the coordination phase.

Adizes (1979) has developed a similar model for the organizational life cycle, which was presented in Section 4.1. Placing our object of study in this model, we see that the company is soon to be entering the adolescence stage. Thus, the organization is currently in the end of the go-go stage. In this and the previous stages, those who have been with the company since or close to since the start have been highly committed to the organization and have not wished to depersonalize policies or institutionalize relationships. For instance, they have expressed hesitance towards systematizations such as documentation of policies and formalization of roles. The previous stages of growth have been focusing on the producing role, but in order to move through adolescence, the administrative role needs to grow in importance to enable for managing the growing organization. The growth of the administrative role implicates more time being devoted to activities such as planning and coordinating meetings, developing training programs and establishing policies. The growth of this role of course takes resources; resources that must be taken at the expense of another role – either the producing role or the entrepreneurial role. Following this; the balance between the producing, the entrepreneurial and the administrative role is a key challenge during the adolescence stage. Adizes (1979) argues that in order to have a healthy adolescence, time must be taken from the producing role, in the way that management must consciously decide to invest the time necessary for getting organized. From a growth perspective, this requires that short-time growth is cooled off in order to enable for long-term growth.

Our object of study is experiencing challenges with coordination, as well as information and knowledge management; challenges that we have been able to derive partly to the existence of short-term priorities, particularly on an operational level. Therefore, the company would benefit from a greater emphasis on the administrative role. However, during our empirical study, management has expressed hesitation towards cooling off short-term production in order to secure long-term growth. It has been emphasized throughout the interviews that invested resources should have a clear revenue in a close future. Adizes (1979) argues that if management is not able to make the decision to shift focus from the producing role to the administrative role, the increasing effort of administration will take place at the expense of the entrepreneurial role; which will be harmful for
Facilitating control in growing organizations

Analysis

the organization’s creativity and ability to adapt to change. The organization will thereafter move into premature aging and eventually, growth will stall.

In Section 3.6.2, we described the current idea gathering process at our object of study. It was acknowledged during the interviews that many employees have a lot of ideas, but they do not know how to take them further. In other words, there is a large amount of creativity within the organization, at least on an individual level, implicating a focus on the entrepreneurial role. However, many ideas never reach the surface, due to deficiencies in the administrative role expressed through the lack of a systemized idea gathering process. According to Adizes’s (1979), if focus is shifted from the producing role to the administrative role, the idea gathering process can be formalized, and creativity be maintained. However, if the organization does not down-prioritize the producing role, creativity will drop due to the employees’ frustration with not being able to take their ideas forward. This would lead the organization into premature aging.

The organization’s management team will have to go against their instincts and say no to revenues close in time, in favor of prioritizing building the internal structure needed for future growth. If this is not achieved, there is a risk that the organization will proceed into premature aging.

Despite Greiner’s (1998) and Adizes’s (1979) models studying organizational growth from different perspectives, similar results have been obtained when positioning our object of study in the respective frameworks. According to Greiner’s (1998) model, the company will need to introduce formal systems in order to achieve greater coordination and pass the control crisis. Similarly to Greiner (1998), Adizes (1979) argues that focus must be shifted from production to administration, since more time has to be devoted to activities such as planning and coordinating meetings, developing training programs and establishing policies. Otherwise, the organization risks heading towards premature aging. In other words, through studying these generic growth curves, we see that our object of study is in need for a larger emphasis on formalization and systematization in order to continue sustainable growth.

5.2 Current control systems

In the previous section, we concluded that the organization is heading towards a crisis of control. In this section, we therefore examine the current organizational control system.

5.2.1 Implications of current measures

In Section 3.7.2, we presented the measures that are currently used within the company. Today, the company is measuring turnover and revenue. These are mainly measured on a yearly basis. The company has during the last five years also had a strategic plan with the intent to double the turnover.

These measures can be seen as a form of organizational result control, as presented in Section 4.3.2. However, the result control has not been implemented completely. Not all of the four steps of results controls that were presented by Merchant & Van der Stede (2007) have been implemented, but only the first two – defining the dimensions and measuring performance. The third step, setting performance targets for the employees, has likely been done on a management team level, but these targets have not been communicated to the employees. The fourth step, providing rewards to encourage behaviors leading to the desired result, has not been implemented. According to theory, rewards are not always necessary, due to the intrinsic rewards the employees achieve simply.
through fulfilling the goal. However, since step three has not been implemented, or at least has not been communicated, the employees do not know what the goal is, and will thus never be able to feel that they have accomplished it. Therefore, the control is of little use.

As stated above, all of the current organizational measures are financial measures. In Section 4.3.2, we presented arguments from several authors regarding the risks with having solely financial measures. Some examples of risks are the risk of sub optimization and the risk of receiving misleading performance signals. Financial measures alone often give the wrong picture about today’s competitive factors such as innovation and continuous improvements.

Another risk with using solely financial measures is the organizational level of the dimensions. As mentioned in Section 4.3.2, Merchant & Van der Stede (2007) state that one crucial aspect for the effectiveness of results controls is that the employees that are to be controlled are able to influence the desired result areas significantly. Therefore, financial measures are more commonly found high up in the organization, while the operational level must be evaluated based on data that is controllable on the local level. If the employees that are to be controlled do not have any influence over the measure, the control is of little use.

As stated above, the company is primarily measuring revenue and turnover on a yearly basis. According to the literature that was presented in Section 4.3.2, one year is considered to be short-term for financial goals, while five years is considered to be on intermediate level.

At our object of study, we have observed that the usage of only financial measures on a fairly short time frame contribute to short-term priorities, particularly on the operational level. More specifically, the short time-horizon has been expressed through heavy focus on prioritizing work with a return on investment in a very close future.

At our object of study, the focus on work with a quick payback results in almost always prioritizing explicit client inquiries over internal projects such as product innovation and projects for improving internal efficiency. As stated by one interviewee in Section 3.6.1, the company experiences challenges with handling, estimating and evaluating possible future revenues, and often ends up choosing clear revenues with clients who want something done and are willing to pay for it in a near future. Following this, product innovation happens when a client requests a particular product, and internal projects are down-prioritized. Due to the down-prioritization, internal projects are often delayed and are perceived as being difficult to finish. This explains the discrepancies with regards to systems and routines that we observed during our first round of interviews since time has not been allocated for thorough implementations to be made.

We have seen several examples of implications of this during our study. For instance, the company has not implemented a uniform system support for the billing system, why the billing process today incorporates a large amount of manual work with a high risk of error that could lead to missed billing. Also, the company has not taken the time to implement a consistent task management system. The lack of a task management system induces challenges on a number of areas, such as follow-up, coordination, communication and prioritization. Further, the company has not implemented any systematics for quality assurance, which induces a risk on the quality of the company’s products.
It is worth to mention that the company a few years ago successfully implemented the project methodology Scrum. We have in our study not studied this particular implementation closely enough to be able to analyze why this implementation succeeded despite the organization’s general challenges with performing internal projects. However, we have seen some indications that this implementation was characterized by a larger amount of clarity and systematization, for instance through the lecture that was held, giving all employees the same knowledge base. We therefore argue that the company would be able to learn from studying this implementation.

The down-prioritization of internal work in general also explains why information and knowledge transfer is not prioritized on an internal level. As described in Section 3.5, interviewees generally expressed that there was little or no time for information and knowledge spreading. We have derived this to be a result of a lack of incentives for knowledge and information spreading that follows the short-term priorities.

There have been some discussions at our object of study regarding setting up non-monetary goals as a complement for the different departments. Our analysis shows that a complementary set of non-monetary result dimensions would be very beneficial for the organization. If set so that they can be influenced by the employees at the operational level, they would increase employee motivation as well as allow for a tighter organizational control, in the way that there would be a shorter distance from the actual work performed to the measures. That way, the measures would work as a warning system to the management. However, the above described advantages also requires implementation of the last two steps of Merchant & Van der Stede’s (2007) four steps of result control. Distinct goals for the result dimensions would need to be set, and rewards given to actions contributing to these measures.

5.2.2 Cultural control
The cultural control within the company has not been derived in our analysis to cause any specific challenges, but is something that has been frequently mentioned during the interviews as an important form of control. We will in the following Section take a closer look at it and its implications.

As discussed in Section 4.3.3, we define culture as the set of shared assumptions and values that are shared within a particular group. The shared assumptions and values that we have observed at our object of study are characterized by informality, familiarity and timeliness, as expressed through for instance “coming by” colleagues’ workplaces and business deals being discussed during coffee breaks.

The organizational culture is perceived by our object of study as being strong. As presented in Section 3.7.1, the top management refers to many different strategic decisions as being made and guided by a strong culture – hence, the culture is to be seen as an important form of control. The top management relies heavily on culture to enable the operational management as well as other employees to take the desired actions.

However, we have identified some discrepancies in the assumptions and values amongst different interviewees. For example, as discussed in Section 3.7.6, the general perception of how to prioritize between price, quality and time in the deliveries varies amongst employees. We have also seen different ways of communicating with the clients. Aligning above mentioned assumptions and values
among the members of the organization would tighten the cultural control and fulfill the management’s wishes for a tight cultural control. This would also reduce the risks discussed by Merchant & Van der Stede (2007) of contradictory actions and behaviors within the organization.

Evaluating the type of culture within our object of study based on the model of cultural congruence presented by Cameron & Freeman (1991) in Section 4.3.3.3, we look at the dominant attributes, the leader style, bonding and the strategic emphases. Within our object of study we have identified elements of both clan culture and adhocracy. For example, studying the dominant attributes, we identify cohesiveness and teamwork associated with the clan culture. It has been stated that the internal collaboration helps resolve emerging issues, as it is easy to just drop by and talk with someone. However, we have also identified adaptability, in the form of great adaptability towards the client, as well as regarding internal planning, which is often revised. Adaptability is associated with adhocracy. The type of bonding characteristics that we identify is also spread over both clan and adhocracy with a high degree of loyalty and flexibility. Finally, the strategic emphasis has its focus on growth, as discussed in Section 3.7.1, which is associated with adhocracy. These factors weighted together underline that the processes within the organizations are organic and shows some inconsistency regarding the focus on internal maintenance or external positioning. In other words, there is some lack of congruence in the organizational culture at our object of study.

It is argued by Cameron & Freeman (1991) that the choice of culture has implications for the effectiveness of the organization. Different types of culture are related to different attributes of organizational effectiveness and it is important that the culture is matched to the type of organizational effectiveness that is relevant to the organizational context. As argued in Section 5.1 with support of the model by Adizes (1979), our object of study would benefit from shifting focus towards internal development. We therefore argue that our object of study would benefit from further emphasizing internal maintenance; a positioning represented by the clan culture in Cameron & Freeman’s (1991) model. Looking at the clan culture in particular, Cameron & Freeman (1991) further state that there is a positive correlation between the strength of the culture and its effectiveness. The strength of an organization’s culture correlates with its congruence in the way that it is not possible to have a strong incongruent culture. This implicates that in order to strengthen the organizational culture, congruence must be achieved. Congruence will be achieved by our object of study through the clarification of the ambiguity with regards to internal maintenance versus external positioning that follows a shift towards the clan culture. Therefore, a shift towards the clan culture is beneficial for our object of study both in the way that it is a suitable positioning with regards to the organizational context, and in the way that the choice of clan culture increases congruence, which in the context of the clan culture increases cultural strength.

Looking at the four characteristics related to an organization’s efficiency, as described by Denison & Mishra (1995) in Section 4.3.3.3, we argue that our object of study has a high level of involvement. The sense of responsibility is high; for instance the maintenance department takes on a great deal of responsibility over newly delivered solutions even if the formal responsibility has not been handed over. We have also observed a high level of adaptability within our object of study, since flexibility towards the client is seen as an important competitive advantage. We have observed some deficiencies relating to the level of consistency within the organization – neither is an implicit control system fully implemented, nor is the level of normative control high. When it comes to mission, Denison & Mishra (1995) argue that employees need non-financial reasons for why their work is
important. At our object of study we have observed few commonly accepted ones, making the course of action diffuse. Therefore, we put our object of study in the left part of Denison & Mishra’s (1995) model, representing change and flexibility. This corresponds well with the foremost competitive advantage as expressed by our object of study – flexibility. As discussed in Section 5.1, the organization would benefit from an increased internal focus. Applying this to Denison & Mishra’s (1995) model, we see that the organization would benefit from further increasing the focus on the involvement trait of the culture.

### 5.2.3 Interaction between control forms

The nature of the work at our object of study can be described as complex and knowledge-intensive. In Section 4.3.4, we described the implications of the knowledge-intensive nature of work on the suitability of different control forms. It is argued in the literature that employees in knowledge-intensive organizations expect equal social relations and autonomy, due to their high qualifications and intellectual skills. This poses difficulties with hierarchy and rational control forms. Kärreman & Alvesson (2004) and Svenningson et al. (2010) argue that cultural control therefore is particularly beneficial in knowledge-intensive organizations. As described in Section 3.7.3, the top management at our object of study expresses a strong wish for a cultural control. According to our theoretical findings, this is a beneficial choice.

The organizational culture at our object of study is to a large amount based on a large amount of trust being given to each employee. This increases the employees’ feeling of responsibility. It also enables for greater autonomy among the employees, which, according to theory, is beneficial due to the context; referring to the employees expectations of a large amount of autonomy as mentioned above.

In other words, both the existence of cultural control and the strategy behind the cultural control are beneficial in the knowledge-intensive context that is our object of study. However, as discussed in Section 5.2.2, we have seen some indications that the cultural control at our object of study is not entirely tight. According to theory described in sections 4.3.3.2, it is difficult to achieve a tight cultural control due to the large amount of forces affecting the organizational culture. Withholding the cultural control would require a large amount of constant training and reinforcement. Therefore, we conclude that a combination of control forms would be the most beneficial for our object of study.

As described in Section 4.3.4, Kärreman & Alvesson (2004) emphasize the interaction between rational and normative control forms. It is argued that structural elements can be strengthened and legitimated through cultural control, while structural forms of control also can strengthen the normative forms of control. Using Merchant & Van der Stede’s (2007) categorization into action controls, results controls, personnel controls and cultural controls, we have seen that the organization is currently employing cultural controls and some results controls. It could be argued that the company is also employing some personnel controls through a careful employee selection process, but since the employee turnover is very low, the occasions when this control can be exercised are limited. Action controls, which are the most direct form of control, refer to for instance physical or administrative constraints. These forms of constraints would be harmful with regards to autonomy, as mentioned above, and empowerment, which will be discussed in Section 5.3.2.
Instead, our analysis shows that a developed and implemented result control would serve as the desired structural element in the organizational control system. The results controls are not an entirely structural form of control, since it does not tell the employees which actions to take, but can still be seen as containing several structural elements, since they dictate where the organization is supposed to be heading. We argue that completing the implementation of these results controls would work as a beneficial complement to the organization’s cultural control. The nature of results controls also correlates well with the requirements of autonomy that comes with a knowledge-intensive context. It enables for freedom of how to reach the goals, but still provides direction in the way of having goals.

Combining a tightened cultural control with an implemented result control as discussed above would result in a tight control system. A tight organizational control system facilitates for steering the organization in the desired direction, and for achieving organizational effectivity.

5.3 Implications of an informal culture

5.3.1 Vertical integration
It was discussed in Section 3.7.1 that different pictures have been given during the interviews of how the organization is really working with implementing strategy in general, and on which level of detail it is discussed on a management level in particular. Regardless, it has been confirmed that the organization does not employ a formalized methodology for this today. In Section 4.2.2, we discussed that Robinson & Pearce (1983) argue that smaller companies do not benefit from a formalized strategic planning process, while Speculand (2009) emphasizes the importance of having a framework for strategy implementation, in order to be able to ensure that the right actions are being taken. We conclude that at our object of study, a formalized process for strategy development and implementation has historically not been necessary, due to the small size of the organization. The company has been profitable and successful despite the lack of systematization with regards to working with strategy. However, as the organization grows, the lack of systematization at our object of study may induce challenges with reviewing the actions that are taken to implement the strategy. Speculand (2009) argues that review of the actions that are being taken to deliver the results is one of the eight key elements to strategy implementation.

Following the lack of systematization, a vast amount of the concretization of the strategy is today delegated to the departmental level. As discussed, top management also expresses a wish to not be involved in too much detail, to avoid the negative effects of micromanaging. The top management’s reluctance to be involved in details increases the amount of concretization of strategy as well as tactical decisions that are put at a departmental level. As discussed in chapter 4.2.2, Speculand (2009) emphasizes the importance of top management participating in the implementation. There is a risk that delegating the strategy implementation to the operational level could lead to difficulties with seeing the organization as a whole. Therefore, delegating concretization and implementation to the departments induces a risk of sub-optimization within each department. Our object of study has acknowledged having challenges with coordinating tactical decisions between the departments as a result of delegating the concretization of the strategy to departmental level. We conclude that more detailed involvement from top management would facilitate coordination and reduce risks for sub-optimization within each department.
Following above reasoning, we also see that it would be beneficial for our object of study to introduce systematics in the form of a framework for strategy concretization and implementation. This would increase the possibilities of reviewing strategy implementation and redirecting an implementation early if necessary. It would also force a concretization of the strategy. For instance, Kaplan & Norton’s (2004) balanced scorecard, as presented in Section 4.2.2, could be a beneficial tool for the concretization of the strategy. The development of a balanced scorecard would also be a way to involve all levels of management on a more concrete level than today. However, the balanced scorecard would not be sufficient to guide the actual implementation. Thus, it would have to be complemented with a more hands-on framework. Looking at the current challenges with change management that are experienced at the company, we conclude that a framework such as the one presented by Kotter in Bolman & Deal (2008) would be beneficial. We argue that this framework is particularly beneficial in this case since it provides a step-by-step guide that is accessible in a context that it not used to systematization.

We have above discussed that a large part of the concretization of the strategy and the tactical decisions that must be taken are delegated to the operational level. But also decisions that are not directly related to strategy implementation are often delegated to the operational level. These decisions can be regarding departmental issues or organization-wide issues. The implications of the large amount of delegation of decisions in this context will be discussed further in Section 5.3.2.

In Section 4.2.3, we presented Beer & Eisenstat’s (2000) model for the six barriers to strategy implementation. At our object of study, we have observed challenges with the fourth barrier, vertical communication, and the fifth barrier, coordination across functions, businesses or borders. According to Beer & Eisenstat’s (2000) model, the fifth barrier is often a result of the existence of the second barrier, unclear strategy and conflicting priorities. Since we have not had the possibility to actually look at the company’s strategies, we have not been able to evaluate whether they are clear or not. However, we have concluded that the lack of a systemized process for implementing strategy is a risk factor when it comes to ensuring that the strategy is clear, thought through and not conflicting in any way. Further, as discussed above, the lack of systemization induces risks for deficiencies in reviewing the implementation and coordinating the implementation between the departments.

Beer & Eisenstat’s (2000) notion of vertical communication refers both to communication from the management to the employees regarding the strategy, why it looks like it does and how it affects the employees, and to the employees being able to bring up operational problems to the top management. Beer & Eisenstat (2000) emphasize that the employees should act as an early warning system to the top management, in the way that they should warn the managers when they observe that the implementation isn’t going the way intended by the strategy. At our object of study, we have observed that the vertical communication can from time to time be weak, in both directions. Employees have limited knowledge regarding the company’s strategy; for instance regarding what products that are best to sell, and regarding whether focus should be on time, quality or cost, discussed in sections 3.7.5 and 3.7.6 respectively. We have also observed that ideas and challenges found on the operational level rarely reach management level if they do not have a concrete and easy solution. This is due to two factors; it is regarded as “whiny”, and there are no appropriate forum for discussing challenges and ideas that do not have an easy solution.
We have not been able to rule out the other barriers, but we do not have empirical data to support the existence of those in this particular context. Nevertheless, the existence of the three barriers discussed above have a negative effect on all dimensions in Beer & Eisenstat’s (2000) model. There is a risk of quality of direction being low due to an unclear strategy following the lack of systemization in the strategic process. Further, there is a risk of lacking in quality of learning due to deficiencies in the vertical communication. Finally, quality of implementation is challenged following the lack of coordination that is due to the unclear strategy and poor vertical communication.

As discussed above and in Section 3.7.5, interviewees have expressed having limited knowledge regarding how the company is doing financially, and on what the company earns money. As stated by several authors in Section 4.5, having knowledge regarding the company’s performance is crucial with regards to empowerment of the employees. Empowerment is argued to enable the employees to perform their work in a more effective way, as well as act as motivating factor for the employees.

At our object of study, we have primarily seen that a lack of insight into the company’s financial and operational information risks harming organizational efficiency. Knowledge regarding what makes the company earn money would improve organizational efficiency, as the employees would have easier to determine to which work they should devote their time.

However, our empirical findings also suggest that empowerment through sharing financial and operational information, contradictory to existing theory, does not really act as a motivational factor for the employees that are not directly involved in the sales work. As our empirical findings contradict accepted theory, we look at the social context of our object of study to explain this. One possible explanation for our finding may be the heavy technology focus in these parts of the organization that are not directly involved in sales. In Section 3.4.2, when discussing meetings in a technology oriented context, we mentioned that these technology oriented individuals prefer actively engineering products rather than taking parts in meetings. It is possible that this also can be expressed through these individuals being motivated by the construction and engineering itself, rather than the business objectives of the products that they are engineering.

To sum up, we have concluded that the company would benefit from a systemized process for strategy concretization and implementation through using a framework. This would ensure that the strategy is clear, thought through and not conflicting. It would also enable for reviewing the implementation and redirect it if necessary. Further, the organization would benefit from fortified vertical communication in order to ensure that all employees understand the strategy and are able to contribute to getting there. As mentioned above, the employees could also act as a warning system to the management. Fortified vertical communication regarding business objectives would also increase empowerment and enable for the employees to perform their work in an effective way.

### 5.3.2 Decision making

During our first round of interviews, we observed differences between the answers that we received from different interviewees. As stated in Section 3.5, we therefore decided to investigate further if decisions regarding the factors where we observed discrepancies actually had been made.

As mentioned in Section 5.3.1, the top management expresses a wish to delegate a large amount of the responsibilities and decision making – the top management do not wish to micromanage. This
puts high requirements of the empowerment of the employees. As discussed in Section 4.5, empowerment is an important factor of delegation. If the employees are not sufficiently empowered, there is a risk of few formal decisions being made. In some cases, interviewees have expressed that decisions have not been made; for instance regarding how to respond to a client inquiry or how to input data into the CRM system. We have also observed that the informality of the decision making process causes risks for confusion and a discrepancy between the decisions taken and the following actions due to a lack of documentation of decisions.

As presented in Section 4.5, one way of empowering is to have clearly defined roles within the organization. As discussed in Section 3.7.3, the roles are not always clear and responsibility is sometimes delegated in an informal way. As argued by Conger & Kanungo (1988) in Section X this could have a negative impact on the employees sense of empowerment. Further, the mission was presented as one of four factors of empowerment by Bowen & Lawler (1992), but a clear mission has not been communicated throughout the organization. This also poses a risk of insufficient empowerment.

Our study shows that a lack of formal decisions on a managerial level lead to ambiguity that translates to the operational level. A fortified empowerment would enable for a larger amount of formal decisions being made, which would clarify the areas that today are perceived as confusing by the employees and facilitate for aligning the employees within these areas.

Looking closer at the decision making process at our object of study, it is, as discussed in chapter 3.7.4, characterized by informality. A large amount of the decision making within the organization is made individually with a bounded rationality approach as described in Section 4.4, where the organization culture acts as a guideline as to what decisions that would be more preferable. Interviewees describe a decision making process where the timeliness-factor is perceived as important, as it is important not put too much time on each decision. This further indicates that the decisions are taken with a bounded rationality approach. As stated by Daft et al. (2010) and Isaack (1978), the bounded rationality approach may be necessary when problems are complex in the way that they for instance may be novel or poorly defined. However, when facing recurring problems, the approach may preferably be systematized. This would also reduce the risk for bad decisions being taken due to the traps of the human cognition as described by Hammond et al. (1998). Within our object of study decisions benefiting from a systematized approach could for instance be regarding allocation of resources and operational decisions.

On a higher level, we can also apply Geraldi’s (2008) model for “the edge of chaos”, which was presented in Section 4.6. The model discusses the optimal fit between organizational design and complexity of the organization’s work, and can be applied to decision making in particular as decision making can be seen as a part of the organizational design. According to this model, a high level of flexibility is required when the organization is dealing with a high level of complexity of faith; in other words, when solving new types of problems and dealing with high uncertainty. On the other hand, if the organization is dealing with a high level of complexity of fact, referring to a large amount of interdependent information, the organization benefits from a lower degree of flexibility in the form of a higher degree of standardization. In other words, a less standardized approach, to be compared with the bounded rationality approach above, is beneficial when facing novel problems with a high level of uncertainty. However, if the problem is more clearly defined, and requires the consideration
of a large amount of interdependent data, a more standardized approach, to be compared with the rational approach, is beneficial. This supports our above analysis based on the theory by Daft et al. (2010) and Isaack (1978) in the way that recurring, and according to Geraldi (2008) also data-heavy, decisions may preferably be made using a standardized approach.

To sum up; we have argued that empowering the employees would ensure an effective delegation of responsibility from the top management to the operational managers as well as other employees. This would enable for a larger amount of formal decisions being made, which would minimize the ambiguity that is perceived today. We also conclude that the company might benefit from a further standardized decision making process, in the cases regarding recurring decisions.


6 Discussion

In this chapter, the implications of the findings are critically and somewhat speculatively discussed. The focus for the discussion is on the relationship between the articulated challenges and the proposed underlying causes and how the findings are applicable to organizations in general. Implications of standardization within organizations in general and some possible risks with the recommendations are also addressed.

Initially, the articulated challenges by our object of study were rather straight forward. Challenges were experienced with the overall synchronization and communication within the organization, as well as with the implementation of their CRM system; where further systematization regarding the usage of it was desirable. When we took a step back and had a look at the challenges, some deficiencies in implementations of new routines and systems appeared. We saw that even these challenges could be traced back to deeper challenges such as a lack of systematization with regards to strategy development and implementation and organizational control, which in turn could be derived to a lack of internal focus. In other words, there was a fairly large gap between the by the organization articulated challenges and the real challenges according to our study. Therefore, one might ask why it was not possible for the organization itself to look beyond the straight-forward, experienced challenges and see why they occur.

When conducting our study, our findings emerged as we took a step back and looked at the challenges in a greater context. Each challenge that appeared to have a straight forward solution was studied through asking: ‘why?’. This approach required both distancing oneself from the daily operations as well as a large amount of time dedicated to the study. We therefore derive the organization’s inability to conduct this type of deep study themselves to be nothing other than an effect of the core challenge – a lack of internal focus. This way, we end up in circle reasoning. The organization is not able to understand that the lack of internal focus is the reason behind the perceived challenges, since the lack of internal focus prevents them from conducting a study that is comprehensive enough to tell it.

We argue that addressing the underlying need for further internal focus would have the greatest return for the organization since this would have long term effects, reassuring that similar challenges do not recur in the future.

In the beginning of this thesis, we discussed that most, if not all companies, strive to grow, since organizational growth poses several benefits for both the individual companies and society as a whole. As challenges experienced with control and synchronization are tightly coupled with the growth of the organization, it is therefore reasonable to argue that a large share of, if not all, companies will experience the challenges as they grow into this size. We therefore see that it is important to understand these challenges and how to work with them in order to be able to pass through this crucial transition and achieve a sustainable growth. Attending to these challenges is also crucial for acquiring effective and efficient management.

Our analysis has showed that the underlying challenges at our object of study would be remedied by an increasing amount of systematization and standardization. From a broader perspective, we have argued that the company needs to devote time to internal activities. More specifically, we have concluded that the organization would benefit from a systematized implementation of results
controls, a systematic framework for strategy development and implementation, and, in some cases, a standardized and rational approach to decision making.

However, as argued by several authors, such as Blichfeldt & Eskerod (2008), Bolman & Deal (2008), Geraldi (2008) and Greiner (1998), standardization often results in a form of bureaucracy that harms the organization’s creativity and flexibility. For instance, Greiner (1998) argues that the increasing bureaucratization will build a lack of confidence between different parts of the organization; something that will eventually lead to a so-called red-tape crisis. According to Greiner’s (1998) model, the red-tape crisis is to be seen as a necessary next step for or object of study. However, other models for organizational growth, such as the one by Adizes (1979), does not suggest that bureaucracy is a future challenge.

We see that it is common in society that trends and ways of thinking oscillate between two extremes. This can be applied to everything from society’s norms to management trends, such as the alternation between normative and rational forms of control as described by Barley & Kunda (1992). Perhaps it is also common that organizations, in order to move through the crisis of coordination, implement too much standardization and systematization. A bureaucratic crisis could in that case be avoided if the systematization is incorporated with caution and moderation. Moderation could regard either the level of standardization, or the amount of work that is standardized, as argued by Blichfeldt & Eskerod (2008) who state that standardization in the form of PPM preferably may be introduced to only a share of the work performed, not all.

This would implicate that it is crucial for organizations is to find some sort of golden mean with regards to standardization. The future challenge for our object of study and other organizations in this growth phase lies in not oscillating, but implementing standardized elements with modesty. In other words, we argue that organizations should be careful with standardization, and that all standardized elements should be carefully thought through.
7 Conclusions and recommendations

In this section, the results of the study along with the study’s contribution to scientific knowledge are concluded. Recommendations for organizations in general are presented, followed by recommendations for the object of study in particular.

7.1 Why growing companies experience challenges with achieving coordination

In this study, we have seen that growth poses new challenges for organizations regarding systemization and control. Our object of study has articulated coordination issues, which we have derived to be effects of not having a tight organizational control system. The company currently employs few systemized internal processes, which is common for organizations in this phase. We have been able to conclude that due to growth, the requirements of the organizational control system increases in the way that the control system must be tightened through systematization. Our empirical findings on this question support existing theory such as Greiner (1998) and Adizes (1979).

We also observed a lack of decisions being made at our object of study; an area that is unexplored in existing literature. Our empirical data showed that this lack of decisions has led to ambiguities at the operational level, regarding issues such as which system to use and how, and how to act towards the client. We have concluded that the lack of decisions follows the lack of systematization on the managerial level in the way that the lack of systematization has led to unclear roles and deficiencies in the vertical integration. Role clarity and vertical integration are key factors in empowerment. Our study shows that a lack of empowerment can be harmful to an organization’s decision making processes since the employees may not experience having the mandate to make decisions, resulting in a low number of formal decisions. The explanation of the low number of formal decisions and its implications were considered to be a gap in the literature that has been filled through this study.

We have concluded that a lack of systematization on a managerial level has led to ambiguity on operational level due to unclear decision making. This also explains the gap between the challenges that were articulated by the organization and the deeper underlying causes. This connection and explanation of how ambiguity translates from management to operational level is the study’s greatest scientific contribution.

7.2 Addressing the coordination challenges

Our study has resulted in four recommendations for organizations experiencing control challenges due to growth:

- Further systematization is necessary to be able to maintain tight control as the organization grows.
- To be able to achieve increased systematization, time must be taken from production activities to administrative activities such as planning. Short-term growth and benefits must be cooled off on behalf of achieving long-term growth and sustainability.
- Systematization should be introduced with moderation, since extensive systematization also poses risks of harming organizational creativity and flexibility.
- Experienced challenges are often expressions of deeper lying causes. We argue the importance of allocating time to understand the deeper challenges. Solving the deeper
challenges will prevent the same challenges from returning and facilitate long term gains for sustainable growth.

7.3 Recommendations to our object of study

Looking at our object of study in particular, we have seen two areas where our object of study would benefit from increased systemizations: the organizational control system and vertical integration.

Today, the organization employs mainly two forms of control: cultural control and result control. The company’s top management emphasizes cultural control as an important form of control and perceives it to be tight. However, we have observed discrepancies in the assumptions and values amongst different interviewees. We therefore argue that cultural control can be strengthened through aligning these assumptions and values throughout the organization. This could be done through the communication of a clear mission. We further argue that an increased emphasis on the clan culture would be beneficial, due to its suitability in the particular organizational context.

However, maintaining a tight cultural control is challenging and requires a large effort due to the large amount of external and internal forces affecting an organizational culture. Therefore, we have concluded that the cultural control may preferably be combined with result control in order to achieve a tight organizational control system. Today, the result controls at our object of study are not entirely implemented. We have concluded that the company would benefit from performing a thorough implementation, which would require:

- Expand the current measures with non-financial measures, in order to provide measures that are controllable on the operational level. Non-financial measures would also reduce the risks of posing short-term focus that have been observed at the company.
- Communicate performance targets to the employees.
- Reward the employees who contribute to reaching these targets.

As mentioned, we have observed some deficiencies in the vertical integration of our object of study. This has partly been derived to ambiguities in the strategic work. Today, the company today employs an organic way of working with strategy development and implementation. Our study shows that it would be possible to facilitate vertical alignment through increased systemization of the strategic work. Systemizing the strategic work would ensure the consistency of the strategy as well as facilitate the implementation. More specifically, we have concluded that the company would benefit from:

- A framework for developing strategy, such as Kaplan & Norton’s (2004) balanced scorecard. Using the balanced scorecard would help involve the whole management team in concretizing the strategy as well as facilitate the formulation of non-financial measures.
- A framework for implementing strategy to ensure that a systemized approach is being taken. This would be beneficial to ensure the coordination between the departments.
- Increased vertical communication of the strategy, in order to increase the employee’s ability to perform their work effectively.
- Increased formal and particularly documented decisions, especially regarding delegation and responsibilities. This would increase empowerment of the employees, enabling for more clear decisions to be made. A larger amount of formalized decisions would in turn be beneficial for working with the by the company articulated challenges with communication and synchronization.
8 Limitations of our study and future research

The aim with our study has been to describe the challenges that growing organizations face with coordination and control and suggest how to address these. We have been conducting this study within the specific context of our object of study. Hence, our findings are primarily applicable to this particular context. We cannot present strong evidence that our findings are applicable to contexts with significant differences to the one of our object of study. In order to be able to strongly state that our findings apply to growing organizations within other contexts, the study would have had to be broadened through studying more than one organization. It would also be beneficial to study more than one organization within our specific context, to be able to validate our findings.

Above discussion raises some questions regarding which parameters that may have an impact on which challenges that are experienced by organizations during this phase, as well as to which extent these challenges are experienced. This would require a further analysis of why these challenges are experienced and a benchmark against other organization in similar situations.

Two examples of contextual factors that could have an impact on our findings are growth rate and employee turnover. Does the willingness to make changes differ between organizations that have had a rather slow growth pace, like our object of study, and organizations that have had a more rapid growth over time? Perhaps it is more difficult to articulate the challenges if they arise gradually, since the current state is still very similar to the day before. Also, as at our object of study, the organization may have been very successful in employing the current ways of working and may therefore consider them to be validated. This may pose further difficulties with recognizing the changed requirements that follows growth. We argue this to be another interesting area for future research.

Further; our object of study has had a low employee turnover. This could have implications for when during the growth stages further structural parameters become a necessity. It could be argued that the employees after a few years of being a part of the organizational culture gain an unarticulated understanding of how they are supposed to work within the organization. If few new members are introduced to the organization, there would be less need for systemization such as documentation, since all employees unconsciously know how things are supposed to work. Hence, the correlation between coordination challenges and employee turnover should also be an interesting area to further investigate.

Another area that emerged as interesting during our study is the individual incentives to change throughout the organization. This could be an interesting area for future research, as the existence of incentives is a necessity for achieving successful organizational changes. Similarly, we have also identified some hesitance towards implementing further structural parameters, which would be interesting to further investigate.
Bibliography


Appendix

Appendix 1: List of interviews

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<th>Date of interview</th>
<th>Position</th>
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</tr>
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<td>Developer from production department</td>
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</table>

Appendix 2: Interview templates

This appendix presents the interview templates that were used during the two rounds of interviews. Due to the interviews being held in Swedish while this report is written in English, the templates have been translated. Therefore, the wording is not exact.

First round of interviews

Introduction (5 min)

- Short description of our thesis
- As a first step in getting an overview of the organization’s current processes, we are conducting a series of interviews where we have chosen to interview a number of individuals with positions with business responsibility.
- We would like to record the interview. The recording will only be heard by us, and the recording will be destroyed after this thesis is finished. It is only for both of us to be able to concentrate on the interview. Names and specific titles will not appear in the thesis. Is this ok with you?
- Can you tell us...
  - What is your role at the company?
  - What are your areas of responsibility?
  - (What is your background?)
  - (How long have you been working here?)

General (20 min)

- If we were to look at the process from when the company makes an initial contact with the customer, through the execution, to the billing, where would you place yourself in that process?
Appendix

- Would you like to tell us shortly how the process looks, from when you are first involved, to when you leave the process? We will go into further detail later. You are welcome to sketch what you are talking about here on the paper.

Specific (20 min)

- *Step-by-step walkthrough of the process*
  - Which tools are used in the process?
  - How do you usually communicate with your colleagues? (e.g. mail, walk by personally)
  - Information
    - Which information is needed in this step?
    - How is this information stored?
  - Challenges
    - Which challenges do you experience in this step?
    - Are you dependent on the knowledge that is possessed by a specific person in the process? Or information that is possessed by a specific person?
  - Which decision points are there during the process?
  - Who are the key individuals during the process? (I.e. ‘Who are you talking to then?’)
  - How much time does each activity take?

Summing up & feedback (10 min)

- We have understood it like this... [explain & sum up]... is that correct?
- Is there anything you think is relevant that we have not discussed?

Conclusion (5 min)

- Thank you for your time!
- We may return later during the study with more questions regarding specific details.

Second round of interviews

Interview template 1
This template was used for the follow-up interview with the member of top management.

Introduction

- We have some follow-up questions. We have now finished the broader part of our study and chosen some focus areas. Therefore, we now have some additional questions.
- We would like to record the interview. The recording will only be heard by us, and the recording will be destroyed after this thesis is finished. It is only for both of us to be able to concentrate on the interview. Names and specific titles will not appear in the thesis. Is this ok with you?

Strategy alignment
• During the last interview, we talked a bit during how you decompose vision, strategy and tactics. We would like to elaborate on that and are therefore wondering if you would like to tell us a bit more about how you work with applying strategy in practice?
• How do you work with the implementation of a new system or routine?
• How are you measuring the company’s performance? Are you using any measures in particular?
• How are the performance of the different departments measured?

Formal decision making
• Apart from appointing heads of departments, how is responsibility distributed in the organization? (E.g. *If you need someone that is responsible for some overall function within the organization, how are the formal responsibilities for that distributed?*)
• Who makes decisions that are horizontal across the organization?

Integration
• Last time, we also talked a bit about the importance of everyone having a business perspective.
• How are you communicating the performance of the company to the organization?
• How do the employees know what drives revenue?

Prioritization / resource allocation
• Show the resource triangle with quality, cost and time.
• Where would you position the company on the triangle? Where do you want to be? How do you prioritize when it comes to customer delivery?
• Why would you like to position the company there?
• What do you think about [first priority]?
• What do you think about [first priority]?
• What do you think about [first priority]?

Finish
• Thank you for your time. Would you like to add something that we haven’t discussed?
• Do you have any questions for us?

Interview template 2
This template was used for the interview with the head of production and consulting and the head of maintenance.

Introduction
• We have some follow-up questions. We have now finished the broader part of our study and chosen some focus areas. Therefore, we now have some additional questions. We are going to talk a bit about underlying organizational factors which are required for the scientific part of the study.
We would like to record the interview. The recording will only be heard by us, and the recording will be destroyed after this thesis is finished. It is only for both of us to be able to concentrate on the interview. Names and specific titles will not appear in the thesis. Is this ok with you?

Information and knowledge transfer

- We would like to start by talking a bit about internal communication in general and meeting culture in particular.
- Would you like to tell us a bit about the internal meeting culture? What happens before, during and after a meeting? Why?
- How does the structure look for internal meetings, is there someone responsible for that? Why?
- How are you preparing for internal meetings? Why?
- How do you choose whom to summon? Is it only the ones that are directly affected that are summoned or do you also summon other individuals that might be interested of the topic?
- How is the consumption of time valued during internal meetings?

Expectation management

- If we look a bit at the communication towards the client.
- When the client contacts you with an inquiry, when and in which form do they get feedback on it?
- How does the client know when something is expected to be done?

Strategy alignment

- We would like to know a bit more about how you go from strategy to action. Would you like to tell us a bit more about how you work with applying strategy in practice? Ev. connect to five year plan.
- How is a new routine or system implemented within the company? Change management
- Do you have any example of a recent implementation? (E.g. Scrum)
  - What went well?
  - What would you have done differently today?
- How are you measuring the company’s performance? Are you using any measures in particular?
- How is the performance of the different departments measured?

Integration

- Last time, we also talked a bit about the importance of everyone having a business perspective.
- How are you communicating the performance of the company to the organization?
- How do the employees know what drives revenue?

Internal projects
• We have talked about client projects being prioritized above internal projects. Could you tell us a bit more about that, why is that? Does that apply to both internal development projects and other internal projects?
• What are the experiences regarding internal projects?
• Who initiates these projects?
• Who manages these projects?
• Who is responsible for these projects?

Formal decision making

• Apart from appointing heads of departments, how is responsibility distributed in the organization? (E.g. If you need someone that is responsible for some overall function within the organization, how are the formal responsibilities for that distributed?)
• Who makes decisions that are horizontal across the organization?

Prioritization / resource allocation

• [Show the resource triangle with quality, cost and time.]
• Where would you position the company on the triangle? Where do you want to be? How do you prioritize when it comes to customer delivery?
• Why would you like to position the company there?
• What do you think about [first priority]?
• What do you think about [first priority]?
• What do you think about [first priority]?

Finish

• Thank you for your time. Would you like to add something that we haven’t discussed?
• Do you have any questions for us?

Interview template 3

This template was used for the interview with an employee at the sales department and the two developers, one from the production department and one from the maintenance department.

Introduction

• Short description of our thesis
• We have now finished the broader more general part of our study and have chosen to focus on a few areas relating to internal communication and knowledge transfer. Therefore, we are conducting a second interview series with the aim of investigating these little closer.
• We would like to record the interview. The recording will only be heard by us, and the recording will be destroyed after this thesis is finished. It is only for both of us to be able to concentrate on the interview. Names and specific titles will not appear in the thesis. Is this ok with you?
• Can you tell us...
  o What is your role at the company?
  o What are your areas of responsibility?
### Facilitating control in growing organizations

**Appendix**

- (What is your background?)
- (How long have you been working here?)

- We've earlier talked about that you work a lot with X. If we were to look at the process from the time the company has first contact with customers ... Could you tell us briefly about how the process looks like, from the moment you first become involved until you leave the process?

### Fragmentation of the workday?

- In general terms, how does a typical workday look like?

### Information and knowledge transfer

- We would like to start by talking a bit about internal communication in general and meeting culture in particular.
- Would you like to tell us a bit about the internal meeting culture? What happens before, during and after a meeting? Why?
- How does the structure look for internal meetings, is there someone responsible for that? Why?
- How are you preparing for internal meetings? Why?
- How do you choose whom to summon? Is it only the ones that are directly affected that are summoned or do you also summon other individuals that might be interested of the topic?
- How is the consumption of time valued during internal meetings?

### Idea gathering

- If you have an idea about how something could be done better, how do you present it to the rest of the organization?
- Is there a forum for this, or is there someone you can go to?
- Could you give some examples?
- If you give suggestions on something, how do you obtain feedback on whether the change will be implemented?
- If you have less concrete suggestions for improvement, for example, something that requires a little more effort, how can you take it further?
- Do you and your closest colleagues talk about ideas that then never responded to?

### Internal projects

- What are the experiences regarding internal projects?
- Who initiates these projects?
- Who manages these projects?
- Who is responsible for these projects?

### Integration

- How do you get information about how the company is doing?
- Do you perceive that you have knowledge of what the company actually earns the most money?
• How do you get that information?

Other

• Is it difficult to understand code that someone else has written?
• Is the way to code personal?
• Is there any standard for how to structure the code, or how to name things or how to comment in the code?
• Is there documentation in the code?

Prioritization / resource allocation

• [Show the resource triangle with quality, cost and time.]
• Where would you position the company on the triangle? Where do you want to be? How do you prioritize when it comes to customer delivery?
• Why would you like to position the company there?
• What do you think about [first priority]?
• What do you think about [first priority]?
• What do you think about [first priority]?

Finish

• Thank you for your time. Is it something that we have not discussed that you would like to add?
• Do you have any questions for us?
Appendix 3: Processes

Complete process chart
The process for institutional sales

The process for selling the company’s institutional products is specified on a very high level of detail. The process begins with finding prospects. Prospects can be found for instance through events that are arranged – the company is arranging an event for potential prospects a couple of times per year where the product is presented. Prospects can also be found through email campaigns, different types of leads and referrals. When a prospect is found, material is sent to the client. If the client wants to move on with the deal, they enter a 15 day trial period of the product.

During this 15 day trial period, the company has three meetings with the client. At the first meeting, the product is presented to the client. The purpose of the second meeting is to answer any questions regarding the product that the client may have accumulated this far. When it is time for the third meeting, all product-related questions should be finished. The third meeting is for answering other types of questions regarding licenses and such.

When they 15 day trial is over, our object of study sends an email to the purchase manager at the client with all information, which hopefully results in a return of a signed contract. Thereafter, the client’s account is activated internationally, and billing information is sent out internationally and to accounting.

During the whole process, activities are inserted into the CRM system.

There are two employees involved in this process. They have very strict roles that are referred to as “bad cop” versus “good cop”. The “bad cop” is the employee that takes care of the initial sales contact and all formalities such as contracts and legal issues. The “good cop” functions as a trainer and support for clients during the 15 day trial period and also later when they have licenced the product, and as a consultant if the client requires additional assistance with the product of some sort.

The process for advertising sales

The company is selling advertising space at its own website and in its newsletter. This Section will describe this process, which mainly involves one employee at the sales department.

The process begins with the first contact with a potential client. This client can be a client that the company already is in contact with in another context, or it can be an entirely new client. A common way of getting in touch with new clients are through buying lists of companies in a particular
segment and then contacting one member of the top management, the head of marketing or the head of communication at each company, depending on the size of the company.

If successful, this is followed by a meeting with the client, where the different options are presented along with advertising statistics. The meeting is followed by more material being sent with email, along with follow-up emails and telephone calls. When the client confirms that it wishes to purchase advertising space, billing information is sent to accounting.

Depending on which type of advertising space that has been sold, the material is thereafter sent either to the London office, which activates it in an advertising system, or to the local maintenance department which can activate some form of advertising.
Appendix 4: Cause-effect tree