

they think their peers should be paid but are never allowed to vote on their own salaries. Teams at Valve decide together whether a team member isn't working out. "We don't have any management, and nobody 'reports to' anybody else," states Valve's employee handbook. Valve said it was rare that anyone chose to leave the company, and when someone did, it was often for something like a sick parent needing help.

There are challenges to the flat approach—like lack of accountability. Though the environment can trigger creativity and collaboration, some still leave for more traditional companies that are more structured and organized. Retaining highly motivated individuals is critical for effectiveness within a flat organization. Discipline and motivation need to be off the chart, but unfortunately, the types of employees that a flat organization requires in order to thrive represent a small segment of the workforce. This type of structure does not work for everyone. Other challenges include talent management, appraising and motivating employees, and enforcing any policy the company might have. There is often a lack of standardization to ensure that salaries and benefits are competitive, internally and externally. Working in a flat organization may feel disorganized and chaotic, which, depending on the employee, can either be a great source of inspiration or great frustration.

"I think of it as being a lot like evolution—messy, with lots of inefficiencies that normal companies don't have—but producing remarkable results, things that would never have seen the light of day under normal hierarchical management," said Michael

Abrash, an engineer at Valve. "Almost by definition, it's a great place for the right sort of creative people to work."

Case Questions

1. Would you describe Valve Corporation as a flat organization? Why? Does such a structure seem to be effective for Valve?
2. Describe the potential downsides of a flat or lattice organization. Do you think these consequences outweigh the positives at Valve?
3. Think of Valve as a future employer of your services and skills. Would your personality fit the flat structure of Valve? Why or why not?

Sources

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