

located more centrally to most workers' homes, will be far more comfortable than the existing location, and provides easy access to major suppliers and customers. However, you worry that physically separating the two divisions will destroy their current strong working relationship and may even lead to the same problems that existed before between the divisions.

CASE STUDY 17.1: VALVE CORPORATION

Gabe Newell was a founder and is the CEO of Valve Corporation, a Bellevue, Washington-based video game maker founded by former Microsoft employees Newell and Mike Harrington—or that's what it says on paper somewhere, anyway. Not surprising, given the loose, fluid structure (or lack thereof) at Valve, Greg Coomer, a designer and artist who was one of the first employees, said of Newell, "I think he's technically the CEO, but it's funny that I'm not even sure of that."

That's because Valve Corporation is not exactly, well, the archetypal vision of a "corporate" environment. Valve doesn't use formal titles, except in the hiring process so as to not scare away prospective applicants who might find the titleless work environment a bit peculiar. Here, desks move on wheels so that employees can relocate anywhere in the office and form work groups at a moment's notice. Employees don't have strict job duties; they fill in where they think they can contribute the most. Valve has no formal bosses, pay is often determined by peers, and employees create their own schedules and workdays.

Valve personifies the trend of recent years to flatten out hierarchies within companies, reducing the role of middle management where information and processes can get clogged, enabling, in theory, a freer flow of communication and increased productivity. "When you're an entertainment company that's spent the

3. What organizational design principles could be used to improve organizational behavior problems?
4. Could communication technology be used to help overcome the expected organizational design problems? Why or why not?

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last decade going out of its way to recruit the most intelligent, innovative, talented people on Earth, telling them to sit at a desk and do what they're told obliterates 99 percent of their value," states the now-famous employee handbook, which generated buzz in 2012 when it was leaked online. "This company is yours to steer. Toward opportunities and away from risks."

Valve developed Steam, an online service that is basically the iTunes of the video gaming world. Though some say its plans are overambitious, the 300-employee company is competing with Google to develop wearable computing—like video games played through goggles or glasses where you might see a zombie coming out of your own bathroom at home. Even competitors acknowledge that Valve is on the cutting edge of the industry. Valve is responsible for Half-Life—a game that has received numerous "Game of the Year" awards and is still widely regarded as influential among its peers; Half-Life 2, Left 4 Dead, and Counterstrike are among wildly popular and industry-shaping games.

In other flat (also called "lattice") organizations, lines of communication flow directly from one person to the other with no intermediary; there is no fixed or assigned authority; natural leadership is identified by those who follow; and objectives are set by the same employees who have to realize them. In many flat organizations, including Valve, associates decide how much