

## Managing Innovation without Managers: Valve Corp.

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### Abstract

Valve Corp has become one of the most successful entertainment and technology firms in the world in terms of firm performance and innovativeness. Valve utilized an organic organizational form with over a hundred employees and no managers. Employees had no one to report to for their time and effort, and no employee had an official title or job description. This paper examines how Valve was organized and how it was able to leverage its unique structure to develop disruptive and valuable innovations. Findings suggest that the lack of a formal hierarchy created a strong social hierarchy within the organization. Furthermore, the flat hierarchy seems to have improved the effectiveness of the firm's products but may have lowered the efficiency of the firm's product development capabilities.

### Learning Outcomes

In completing this assignment, students should be able to:

1. Classify Valve's structure as an organic organizational form as opposed to a mechanistic form and discuss why organic organizational forms are rare.
2. Identify the personality characteristics of employees that succeed in a manager-less environment such as Valve.
3. Explain why social capital can be important in a manager-less environment.
4. Discuss how product development in an organization can thrive in an organic organizational form without managers compared to a more traditional manager driven product development structure.
5. Explain how a firm can utilize crowdsourcing in product development and why it is a competitive advantage for Valve.
6. Explain the difference between a sustaining and disruptive technology and why Valve's Steam digital retail platform exhibits characteristics of a disruptive technology.

### Application

This case is most appropriate for courses in organizational theory, as well as the management of product development and innovation.

### Key Words

Organic organization, innovation, product development

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