

## Introducing the Semi-Autonomous Collaboration Organizational Model

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In response to the challenges posed by today's highly complex and disorderly changing business environment, while maintaining a delicate balance between preserving continuity and embracing rapid change, organizations are compelled to adapt and redraw their boundaries. While continuity requires orderliness to provide stability and structure, change demands freedom to unleash creativity and innovation. The challenge, therefore, lies in finding the right balance between order and freedom. The purpose of this paper is to present the Semi-Autonomous Collaboration organizational model, a promising approach for achieving this balance. The model empowers semi-autonomous units to take ownership of specific processes, fostering responsiveness, creativity, and innovation while ensuring oversight and coordination aligned with the organization's overall objectives and culture. By exploring the intricacies of this concept, the paper aims to deepen understanding of its potential utility in future organizational transformations.

The drive to respond to the challenges of the highly complex and disorderly changing business environment, while maintaining a delicate balance between preserving continuity and embracing rapid change (Szendrey, 2021), has compelled organizations to adapt and redraw their boundaries. Scholars such as de Geus (1992, 2011) argue that there is no absolute right organizational structure that can perfectly suit the evolving needs of today's business environment. Similarly, contingency theory (Galbraith, 1973) recognizes that the effectiveness of an organizational structure is dependent upon both internal and external circumstances, suggesting that there is no universally superior way to structure

organizations. Drucker (1999) conceptualizes organizations as adaptable tools designed to fulfill specific tasks under particular conditions and at specific times. Mintzberg (1979, 1980) extends this idea, arguing that the structure of an organization encompasses the various methods by which it divides labor into distinct tasks and subsequently achieves coordination among them. He further suggests that organizations design suitable configurations based on their internal processes and in alignment with their external environment (Mintzberg et al., 2020). Taken together, these perspectives emphasize the importance of organizations designing their structures in a way that aligns with their unique needs and circumstances. This may involve creatively combining established concepts in novel ways or even developing entirely new organizational models to address emerging challenges and opportunities in the ever-changing business landscape.

While orderliness provides stability and structure, enabling organizations to achieve their goals, excessive rigidity can stifle creativity and innovation, causing organizations to become distant, unresponsive, overly bureaucratic, and autocratic in their pursuit of objectives. In today's emerging business environment – characterized by ill-structured, turbulent, and information-laden – organizations must foster a culture that supports continuous learning and change to retain their competitive advantage (Szendrey, 2021). Achieving this requires a certain degree of freedom within the organization, allowing employees to explore new ideas without fear of rigid constraints or excessive bureaucracy. The challenge, therefore, lies in finding the right balance between order and freedom. Organizations must carefully navigate between the need for structure and control on one hand, and the need for flexibility and autonomy on the other. This involves creating an organizational model that encourages initiative, collaboration, and risk-taking, while still maintaining accountability and alignment with organizational goals. The Semi-Autonomous Collaboration (SAC) organizational model introduced in this paper offers a promising approach to achieving this balance.

Defining a generic organizational model is indeed a complex task due to the inherent uniqueness of each organizational context. Rather than offering a rigid

definition, it is more fruitful to identify the fundamental components that capture the essence of the concept. This approach allows for greater flexibility and adaptability, ensuring the model can be effectively implemented across diverse organizational settings. Additionally, it is essential to recognize that successful implementation requires customization to address the specific needs and challenges of each organization. The definition adopted in this research is as follows:

The Semi-Autonomous Collaboration organizational model involves transitioning business processes to new semi-autonomous units through collaborative strategies. This transformation represents a significant organizational change, involving the reengineering of business process, while improving them, and restructuring the organization while maintaining control over the scrutinized processes and retaining competences in-house.

The SAC unit operates as a semi-autonomous entity within the broader framework of the parent organization, yet it functions with a significant degree of independence under separate management. This autonomy enables the SAC unit to focus on delivering business processes of specified quality and quantity. Overseen by a board of clients, which may include representatives from various entities within the organization, the SAC unit ensures accountability and alignment with organizational goals. The core function of the SAC unit is the delivery of designated business processes. This focus enables the unit to establish its own identity and sense of achievement. The relationship between the parent organization and the SAC unit is multifaceted, involving historical ties, financial arrangements, and legal agreements. These connections define the parameters within which the SAC unit operates, ensuring alignment with broader organizational objectives while maintaining a degree of autonomy. Contractual agreements between the parent organization and the SAC unit outline the terms of collaboration, specifying responsibilities, expectations, and the level of autonomy granted to the unit. These agreements are designed to promote mutual benefit, facilitating cooperation and synergy between the two entities. Overall,

the SAC unit represents a dynamic and collaborative organizational structure, balancing autonomy with alignment to achieve shared goals and enhance overall effectiveness.

The most obvious motivation for organizations to adopt the SAC concept is to consolidate their internal business processes, which are scattered and duplicated throughout the organization, thereby eliminating redundancies and streamlining workflow. This transformation<sup>1</sup> aims to reduce costs, improve resource utilization, and enhance process quality, while simultaneously enabling responsiveness and flexibility in addressing changing demands. By consolidating processes into a SAC unit, organizations can maintain oversight without day-to-day involvement, while retaining the valuable knowledge already possessed by the organization. Typically, the SAC unit handles processes that fall outside the organization's core competencies, ranging from back office to front office activities. As a result, the SAC unit has the potential to develop these processes into top-tier competences.

In addition to consolidating business processes, organizations have further reasons to embrace the SAC concept, including the ability to adjust their level of influence over selected processes. By placing specific internal business processes into a SAC unit, the parent organization can reduce its control over those processes without forfeiting the competencies it already possesses. For instance, if an organization desires to fortify itself against disruptive technologies, it might choose to place its research department in a SAC unit, thereby diminishing its direct influence over research activities. This move grants the research unit greater autonomy, enabling it to explore innovative technologies and anticipate future customer demands beyond the organization's current scope.

Conversely, leveraging the SAC concept can empower organizations to strengthen their control over external business processes. For example, if an organization is dissatisfied with the service provided by a supplier but prefers not to manage those services directly on a daily basis, it can choose to acquire the

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<sup>1</sup> The consolidation of internal resources can be supplemented with new resources as needed.

process and place it into a SAC unit. This strategic move allows the organization to maintain oversight and governance over the process while ensuring greater alignment with its objectives and standards. Moreover, by integrating external processes into an SAC unit, the organization has the potential to acquire new competences.

At this point in the discussion, it is important to clarify the distinctions between SAC, centralization, and outsourcing to prevent misconceptions about the nature and purpose of each approach. SAC should not be conflated with the reemergence of centralization as they operate on fundamentally different principles. While an SAC unit established by a parent organization to consolidate internal business process may share similarities with centralization in terms of process consolidation, it operates with a distinct management structure and supporting processes. Unlike a centralized unit, which functions as a fully controlled division of the parent organization, an SAC unit maintains a level of autonomy, allowing it to operate more flexibly within the organization. To avoid confusion, it is essential to use specific terms such as ‘consolidation’ and ‘concentration’ when referring to SAC, emphasizing its role in streamlining processes while retaining a degree of autonomy.

Placing a specific process into an SAC unit might be mistakenly associated with outsourcing. While the parent organization does relinquish some control over the chosen internal processes, this differs from outsourcing. Outsourcing involves contracting processes that were previously handled internally to a third-party company, whereas, in the SAC model, the organization retains the process within its broader framework. Consequently, the SAC unit is overseen by a board of clients, unlike an outsourcing company, which operates as a fully independent partner. Additionally, in the SAC model, the parent organization can retain valuable knowledge that would otherwise be lost through outsourcing.

The SAC organization can take on three different forms: as a center of cost, excellence, or profit. The specific configuration adopted depends on the arrangement between the parent organization and the SAC unit. A SAC unit operating as a center for cost or excellence serves as a foundation for delivering business processes to the parent organization. The unit can provide processes to

internal customers within specific departments or to the entire parent organization, as well as to external customers, integrating these processes into the offerings of the parent organization. Although profitability may not be its primary objective, the unit should still contribute to the overall performance of the parent organization.

The SAC unit operating as a profit center functions as an independent, profit-oriented business in the open market. Unlike the other two SAC forms, this unit operates autonomously and seeks profitability as its primary objective. It can offer processes not only to internal customers within specific departments or the entire parent organization but also to external customers both within and outside the parent organization's market scope. Like any other business entity in the open market, it must compete for business and strive to generate revenue and profits. However, the risk of failure is mitigated to some extent by the protective influence of the parent organization. This protection may include additional investments, management support, or strategic guidance, which help shield the SAC unit from significant failure.

**IN CONCLUSION**, the SAC model empowers semi-autonomous units to take ownership of specific processes, fostering responsiveness, creativity, and innovation within the organization. Simultaneously, it ensures a degree of oversight and coordination through collaborative strategies aligned with the organization's overall objectives and culture. Essentially, the SAC model strikes a balance between order and freedom, enabling organizations to reap the benefits of both.

Implementing the SAC organizational model is a significant undertaking that involves several key tasks. These tasks include establishing new infrastructure, creating new processes, acquiring new skills and competences, assigning new responsibilities, building new formal and informal networks, cultivating new values, fostering a new culture, and addressing new legal implications. Consequently, the implementation of the SAC model requires substantial interventions in how the scrutinized business processes are delivered, potentially

leading to employee resistance and coordination challenges. Therefore, the success of the implementation hinges on careful planning, timing, and execution, with decision making being a critical component of the planning phase.

The decision to implement an SAC organizational model is a unique decision to each organization, carrying long-term consequences and significant risks. It represents a strategic decision (Szendrey, 2023), characterized by high content complexity and process management complexity (Szendrey, 2022). To be able to make informed SAC decisions quickly, organizations require appropriate decision support technologies, that can assist them in evaluating the scrutinized business processes.

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