

## Organisational blueprints for growth in service firms

Post, D; van der Meer, JD; Hammer, MHM

**Publication date**

2015

**Document Version**

Accepted author manuscript

**Published in**

On-line Journal Modelling the New Europe

**Citation (APA)**

Post, D., van der Meer, JD., & Hammer, MHM. (2015). Organisational blueprints for growth in service firms. *On-line Journal Modelling the New Europe*, 2015(16), 105-125.

**Important note**

To cite this publication, please use the final published version (if applicable).  
Please check the document version above.

**Copyright**

Other than for strictly personal use, it is not permitted to download, forward or distribute the text or part of it, without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license such as Creative Commons.

**Takedown policy**

Please contact us and provide details if you believe this document breaches copyrights.  
We will remove access to the work immediately and investigate your claim.

# ORGANISATIONAL BLUEPRINTS FOR GROWTH IN SERVICE FIRMS

Dominiek Post  
Junior strategist  
Interbrand Management Consulting, The Netherlands

Han van der Meer  
Associate Professor  
Management of Innovation,  
Delft University of Technology, The Netherlands  
Saxion University of Applied Sciences, The Netherlands  
j.d.vandermeer@saxion.nl

Matthijs Hammer  
PhD Researcher  
Delft University of technology, The Netherlands  
Saxion University of Applies Sciences, The Netherlands

**Abstract:** *Start-ups and Smaller and Medium sized Enterprises are vital for national economies. The vast majority of these enterprises can be found in services industries. One of the parameters to measure performance of a company is growth. Only a very small percentage of these enterprises find ways to sustainable growth. Little is known on models for making a service firm grow. Based on our extensive literature study and in-depth analyses of 7 cases in the Dutch service industry we came to 5 distinct models or blueprints for growth and a framework on how to decide which model is best suited for the specific situation of a specific firm. Yet many research has to be done to give the final answer to the main question of our study “What kind of organisational blueprint is best suited for growing your company successfully?”*

**Keywords:** service firms, growth, organisational model, structure, culture.

## 1. Introduction

The impact of entrepreneurship on national economic growth is a widely recognised

(King & Levine, 1993; Carree & Thurik, 2003). Economic growth and job creation activity is no longer characterized by reliance on large firms but has shifted to small firms (Wennekers, Thurik, 1999). Entrepreneurial activity is one of the major drivers of economic growth. Small- and medium enterprises (Henderson & Weiler, 2010) and in particular growth oriented SMEs are an important source for job creation (Valliere, 2006). In western economies SMEs represent more than 90% of all firms (Fink, Kraus, 2008).

With the growing importance of the service sector in our industrialized economy, there is much room for growth in this sector and the innovation in services is versatile. The vast majority of entrepreneurial start-ups are in the service industries (CBS, 2013). It is no surprise that the service industry has become of increasing research interest of researchers in the field of entrepreneurship. However entrepreneurship in the service industry is not yet a common topic for research, the Body of Knowledge reflected in the scarce literature on the topic is rather small (Dobon & Soriano, 2008).

Entrepreneurs in the service industry are struggling. Growth prospect of newly founded firms in the service sector in for instant the Netherlands are extremely low. In 2012, 94% of the firms in the service sector have a maximum of five employees and only 1% of the companies exceed the number of twenty employees. Many start-ups do not survive the first years of existence and the highest rate of bankruptcy is in the service sector (CBS, 2011). The high percentage of SMEs in the service industry and their probable effect on the economy make the growth of these firms crucial. If firms in the service sector have more problems concerning firm survival and growth, the growth of service firms might differ from that of the product oriented industries

Most service companies struggle with growth. However there are service companies, if only a small 1%, who do succeed in growing their company (CBSa, 2011). One of the factors that can successfully influence company growth is the organizational structure (Lewis, Churchill, 1983). An organizational structure is the pattern of relationships among members and positions in the organisation, defining tasks, responsibilities, work roles and channels of communication. The organizational structure of a company can determine its success upon entering the market. The entrepreneur has to decide on the management style and employee roles within the company to determine the organizational structure. In this article we refer to such a structure as an “organisational blueprint” a term coined by Baron & Hannan in 2002. When an organizational blueprint successfully reflects the entrepreneur’s

business goals it will support company growth (Baron & Hannan, 2002). The aim of this research is to define organizational blueprints that are successful for business growth in the service industry. The research will define a set of blueprints that are suitable for the service industry and helps entrepreneurs to select the most suitable organizational blueprint for their firm. Our contribution is thus to shed light on the role and selection of organizational blueprints within service firms when it comes to firm growth.

## **2. Theoretical background**

In our study we found three particular arguments to explain why only one per cent of the Dutch service companies is able to grow successfully. The first argument is the desire for growth, why is this desire critical and what effect does it have on the selection of an organizational structure. The second and third are interconnected and are culture of the company and organisational structure (van der Meer, 2007). The organizational structure is the pattern of relationships among members and positions in the organisation. This structure can only support the company strategy if it connects with the company culture. In the rest of this article we will use the term organisational blueprint when we refer to organizational structure.

### **2.1. Desire for growth**

Entrepreneurs starting their service firm with a high desire for growth have a focus on company strategy from the first moment onwards (Rockey, 1986; Bhav 1994; Brush 2008). In the first start-up phase of the company these entrepreneurs are not yet influenced by employees and have the opportunity to operate a structure of their own preference. The entrepreneur is in this case the major source of power and authority, they decide almost singlehanded upon courses of strategic action, including structural forms and performance standards (Child, 1972). According to Schein's (2010) leaders first articulate their values and then reinforce them through subsequent culture embedding mechanism. After the primary embedding mechanisms in which leaders have articulated their values, the secondary embedding mechanisms are started. In this second phase, organisational structures, systems and procedures as well as rituals are build. We use the term organisational blueprint for the whole of organisational structures, systems and procedures. The organizational blueprint and cultural embedding help the organization in

coping with the external environment and help the behaviours and values to turn into success (Schneider, Ehrhart & Macey, 2012)

## **2.2. Culture**

The influence of founders on an organization's culture has been a topic of discussion in literature, empirical studies of this relationship are difficult to find (Schneider, Ehrhart & Macey, 2012). Organizational culture is the specific collection of values and norms that are shared by people in an organization and controls the way they interact with each other and the outside world (van der Meer, 2007). An organizational culture informs people on how to behave and what is right and wrong. It also provides order and structure because it determines who has power and who does not. A company's corporate culture and strategy are interdependent. The effect of a company's culture on the organizational effectiveness is shown in many studies (Kono, 1994).

## **2.3. Organizational blueprints**

Organizational blueprints determine how roles, power and responsibilities are assigned and coordinated (Van der Meer, 2007). This blueprint determines relationships among the members of the organization and how information flows within a company. The organization's objectives and strategy are related to the organizational blueprint (Baron & Hannan 2002, van der Meer 2007). Start-ups and SME's often use a flat organizational blueprint (see for instant Shane 2004). Employees have an informal, direct and frequent contact with each other and with their managers. Furthermore, employees in small companies can have multiple responsibilities and functions. This flat structure enables quick decision making and flexibility.

During the transition from start-up to small or medium sized enterprise, communication and roll difficulties arise (Scott, Bruce, 1987). Roles need to become more defined and communication structures need to be installed to successfully grow the company. Multiple organizational blueprints are available and selecting the best organizational blueprint can be very challenging. Each business is unique, the type of business and needs of the owner will influence the selection. Deciding on the right management style and employee roles, the organizational blueprint that reflects the entrepreneur's goal, will directly influence the success of the firm (Baron & Hannan, 2002).

Once an entrepreneur has made the decision his company should grow, the quest begins. In literature we found hardly any information on the selection of organizational blueprints, let alone information about successful blueprints for entrepreneurs in the service industry. During our research we identify organizational blueprints that are successfully being used in the service industry. Factors on what make these organizational blueprints successful will be discussed in our section Results..

### **3. Method**

In hindsight the methodology we used shows a large overlap with Engaged Scholarship as developed by Van de Ven (Van de Ven, 2007). We started our research with a “design” question of one company. This service firm employed 10 professionals and failed to grow further. Yet there was a specific desire by management to grow and the main question was “How can we realize and manage further growth of our company?”

During our research, we sought to understand which organizational blueprints implemented by entrepreneurs in their service organization resulted into successful growth. Before entering the empirical field to make observations in the real word we started our study with an extensive study on the phenomenon of organisational blueprints for the service industry. or the current research we conducted a literature search within the field service industries with a focus on business models for growth. We used the academic database of Scopus for our literature research. This database captured most of the relevant journals on service industries based on their impact number. To adjust for missing articles we also entered the search terms in Google Scholar. Because Google Scholar filters on titles build up from the entered search terms, we used this search engine to saturate our literature sample. Our search terms were: “manag\* growth”, “growth entrepreneurship”, “growth services industr\*”, “growth model\*” “business growth typolog\*”,. The stars are so-called wildcards, they are automatically replaced by all possible conjugations of the search terms. For more information regarding wildcards see Wolfswinkel et al. (2013). Our search resulted in 54 relevant articles. Using cross references, correcting for doubles and extensively reading the abstracts and full text of the articles we narrowed down our literature base to 27 highly relevant articles. To be able to perform a comprehensive analyses of the body of literature, we used coding procedures like those described in Wolfswinkel et al. (2013). The coding procedures were applied as follows. We read the articles from the selected sample one by

one in a random order. Everything that seemed relevant for our research was highlighted, Wolfswinkel et al. (2013) call these highlighted parts ‘excerpts’. We then performed so-called ‘open coding’ to transform these excerpts into concepts and were applicable these concepts into categories. Through ‘axial coding’ relations between the concepts were identified.

With the insights and organisational blueprints we found in literature we started our field study. We first interviewed experts on growth of companies (consultants, bankmen and academics with relevant experience on growing service companies;  $n = 9$ ). With the use of the blueprints found in literature as sensitising concepts we used a open interview protocol on the main question “How to grow a service company and what models do you know off?”.

After the interviews with experts we started our main field research. As argued before only a small percentage of organisations in the professional service industry manage to install growth. We selected the Dutch professional service industry as the empirical setting for our research. For this study both classic service firms, like law and organisational consultancies, as well as younger disciplines, like the creative service sector, were consulted.

Data were collected through one-on-one interviews with the founders of seven different professional service firms, the websites of the companies and thirdly all publicly available written information of the company. The participants in the interviews were questioned on their culture, organizational model and experience on how to grow their firm. We used a semi-structured interview protocol (Yin, 2009). Each interview lasted at least 60 minutes.

The companies for our studies were selected in the following subset of service firms:

1. highly educated employees (university degree);
2. between 20 and 150 employees;
3. founded in the past 20 years.

Table 1 provides summarized information regarding the participating companies.

#### **4. Findings**

One of the initial findings from our research was that the entrepreneurs embraced different organizational blueprints. In our literature study we found five organisational blueprints. These blueprints were confirmed by the experts we interviewed. No new blueprint was added. In our field study with the 7 cases we found all five organisational blueprints successfully implemented in the professional service organisations and enabled

growth. This finding indicates that service firms are able to grow successfully with different organizational blueprints.

Firm	N. Employees	Founded in	Industry
A	20-30	2000	Organisational advise
B	40-50	1993	Creative
C	120-130	1995	Law
D	20-30	2008	Creative
E	60-70	2008	Organisational advise
F	30-40	2000	Creative Research
G	130-140	1992	Law

Table 1: Description of case data

The reason why the companies are able to successfully grow with each of this blueprint is explained by the second finding, the fit between the organizational blueprint and the company culture. Each of the participants in our study stressed the importance of installing an organizational blueprint that has a tight fit with the companies culture. The organizational blueprint that is adopted by a firm influences multiple aspects of a company, but in itself does not influence the ability to install growth or not. Companies are able to grow a firm by using any of these organisational blueprints, as long as the organisational blueprint has a tight fit with the strategic offering and business culture of the firm.

A third finding was that the participants all worked with the organizational blueprint that they had adopted during the start-up stage of their company. Founders had a clear vision about what their company would feel like and what they wanted to achieve, and chose their blueprints accordingly right from the start of their company. None of the participating companies adopted a different organizational blueprint during their growth., Only slight adjustments were made out of necessity to compete in the changing environment. Nevertheless most companies continuously searched for improvements in their organizational blueprint due to shifts in the company environment. This search so far has led to only incremental improvements not to radical changes in the blueprint. Selecting a good organisational blueprint at the start of the company and keeping this alive seems vital for the

companies in our research.

A fourth finding is that organizational blueprints are not often found in their pure form. This is in coherence with the findings of Baron and Hannan (2002). In organisations a mixture of aspects of multiple organisational blueprints are often used to create the desired organisational structure.

## **5. Organisational blueprints in the service industry**

For the purpose of this article the organizational blueprints present in the research are analysed in their pure form. The organisational blueprints are described in their pure form to give good lines of reasoning for selecting the best suitable blueprint as a starting point for entrepreneurs in the service industry. Each of the five organizational blueprints found during this research will now be described in more detail. A case of a commonly known company that has successfully applied this organizational blueprint in a form that is almost pure is added underneath each description to give the reader some flavour of the essence of the blueprint. A summary of each organizational blueprint is provided in table 2 below. The table describes the structure, assumptions, beliefs, values and service type belonging to each of the organizational blueprint.

### **5.1. Blueprint 1: Pyramid**

A pyramid-based organisation has a hierarchical structure and organises employees into departments based on the function they perform in the company. Top-down decision-making is the standard in this type of organisations. The pyramid organizational structure typically has three major levels with the executive level at the top, a middle layer of managers and the lower level of staff. Each level in the organization is supported by a lower level of the pyramid. The key elements of the firm: strategy, operation and vision are managed by the top level. A benefit of the pyramid structure is the clear definition of responsibilities. Downsides of this blueprint are decision-making on department level, resulting in communication difficulties across departments.

*McKinsey - Founded in 1926 by James O. McKinsey a former attorney, the global management consulting firm known as McKinsey & Company. Serves over two-thirds of the Fortune 1000. McKinsey has over 100 offices in 60 countries and is one of the most prestigious management consulting firms in the world. It became*

*successful with a pyramid-based organization and is a role model for other consulting firms.*

*(Source: Bhide, 1994; McDonald, 2013).*

## **5.2. Blueprint 2: Circle**

The circle organisation is a self-organizing organisation. It is based on “Trust in employees”. In this blueprint a company builds on the trust it puts in employees and their possibilities to make its future. Put trust in employees they will make decisions in the best interest of the company and let them decide what is best for them and what is best for the company. The circle organization consists of concentric circles. The inner circle has responsibility from making a strategy and take care of the financing. Out of this inner circle come Counselors. The Counselors then are teamed up with partners who form the middle circle; partners are the leaders from each division of the company. In the outer ring the rest of the employees are present. Depending on its size the company relies on independent divisions, with every unit containing up to 150 employees. Every unit has his own responsibility from manufacturing, sales, to financial results. Each division is responsible for its own decision-making and success. Benefits of a circle organization are the highly motivated and performing employees. The employees are highly involved with their work, resulting in a self-sustaining level of delivered quality. A downside of this organizational model is that disciplined workers are required to be able to handle the freedom.

*Semco - One of the most well-known business examples of a circle organisation is Semco SA. When Ricardo Semler was beginning at the age of 20, he took over the 220 man factory from his father. The company was based upon old fashioned values; employees feared to lose their job if they did not come in on time and did not work hard enough. Moreover the firm was losing profit. Ricardo Semler changed the organizational model drastically and first introduced the circle organization. Semco's revenue increased from 4 million dollar to 212 million dollar in 2013 over a wide variety of industries including service industries like hotels.*

*(Source: Semler, 2001; Wieners, 2004)*

## **5.3. Blueprint 3: Cell**

Cell organisations are the firms with the most organic growth. In big traditional organizations change is difficult to realize because of the organizational structure in place.

If an employee wants to implement change he or she needs to file its requests at multiple departments. In the cell organization all staff departments are removed from the organization. The organization is split up in small cells of about 30 people. Each cell is located at a different office and responsible for its own business. Complete confidence that the business is handled locally is an absolute must for the success of this organizational model. If a cell becomes too big it splits into two parts, the new cells are responsible for their own success. The mother cell can set the strategy, brand guidelines and targets but other than that has no influence on the cells. A benefit of this blueprint is that every time a cell splits up, it creates new career opportunities. New cells also enables the company to have differentiated offerings under one brand. The cell maintains the company culture, but with the new employees can also easily adapt to local culture. A downside of this organizational blueprint is that the separation of employees during cell division can be very painful and the career opportunities outside the rather flat cell or creating a new cell are very limited .

*BSO – In 1973 the Dutch subsidiary of the American GTE, an information technology company, was founded. After a Management Buy Out in 1976 the company was renamed as BSO. Eckart Wintzen introduced the cell philosophy to BSO. The strong culture made it possible to attract employees with the same mind-set to the company, common goals and shared value created synergy in the company. The merger with Philips Pass proved to be difficult because the cultures of BSO and Philips did not merge well. But after a reorganisation and culture clash BSO revived. When Wintzen resigned in 1996 BSO had successfully grown to 75 offices in more than 20 countries, with a total of 10.000 employees. A second merger with Philips C&P was too much of a culture shock for the company and BSO did not survive.*

*(Source: Wintzen & Pabon, 2007)*

#### **5.4. Blueprint 4: Franchise**

A franchise organisation has one main cell that develops strategy, brand guidelines and processes, which are shared with other cells in return for a share of their profit. The franchisor is a supplier who allows a franchisee to use its firm's successful business model. The franchisor determines the rules for the franchisees. Some allow a lot of freedom other franchisers have a very detailed prescriptions. A standard offering combined with local market knowledge. The benefits for the franchisor are that he can avoid the investment and liability that comes with opening multiple locations. The downside is that the brand quality

is affected by franchisees, so the franchisor depends on the success of its franchisees. However the franchisees have a direct stake in the business and are therefore more keen for success than regular employees. A struggle for franchisors is the search for the right business partner. When the business model is successful, many people will be interested in starting a franchise location. It is key to find a business partner with experience in the field and knowledge of the local business culture.

*Marriott – with more than 3,500 properties to date, Marriott is the leading franchise company in the lodging industry. Quality service, innovation and performance are the key pillars of this company. With over 50 years of experience in the industry it is a good option to start a lodging or hotel business under the Marriott label. The initial franchise fee is around \$50,000, following by the start-up costs of a hotel or resort of five to seven million dollar. This franchise system has a strong management system, direct lines with each location allows the Franchiser to stay up to date with the changes, alterations and developments. Teamwork and strong relationship make Marriot a successful franchise with a strong reputation.*

*(Source: Marriott & Brown, 1997)*

### **5.5. Blueprint 5 Network**

A network organisation operates in fundamentally different ways from traditional organizations. A network organization has relatively few resources. It has a core of people who manage projects and connections between external people with different specialisations. For each project the right team is formed of multi-skilled people from the network. Network organizations are able to quickly adapt to changes in the marketplace and are able to grow fast. The employees in the network are not bound to the company with a permanent working contract. Interesting and challenging assignments need to tie them to the company. Employees are empowered to say no to opportunities that are unrealistic or do not fit with their vision. This keeps the company sharp but a disadvantage is that the availability of the network can be unreliable. Another downside of the network organization is the difficulty in managing the quality level.

*Avaaz - The network organisation is a new organizational model that is currently finding its way in the business market. Many network organisations are still small to medium sized enterprises. The most well-known network organisations are non-profit organisations like Avaaz. Avaaz—meaning "voice" in several European, Middle Eastern and Asian languages—launched in 2007 with a simple democratic mission: organize citizens of all*

nations to close the gap between the world we have and the world most people everywhere want. Avaaz is a non-profit organisation with fewer than 20 employees in its core. In its network the company has over a million members that have a good understanding of politics, online technologies and community organizing. Avaaz has a strong focus on winnable projects and chooses priorities in collaboration with their members. The priority poll must indicate which projects interests its members. Setting a campaign target allows the employees and members in the Avaaz network to successfully win campaigns.

(Source: Avaaz, 2013)

In table 2 we summarize the main characteristics of the five distinctive blueprints according to Structure, Assumptions, Beliefs, Values and Service type. This table is inspired by the general model introduced by Schneider, Ehrhart and Macey (2012).

Organizational Blueprint	Structure	Assumptions	Beliefs	Values	Service Type
	Functional	Stability	Employees have clear roles and procedures are formally defined by rules and regulations	Routinization, formalization	Routine
	Divisional	Stability	Trust and loyalty to membership in the organisation and high performance are important.	Competence, Growth, communication	Routine
	Divisional	Personal development	Culture is the most important driver for successful and efficient service delivery	Stimulation, creativity, growth	Innovation
	Matrix	Achievement and personal development	Motivated employees need to understand the importance and impact of the task	Communication, Achievement, competition	Routine and Innovation
	Matrix and Divisional	Efficiency and Change	Employees have clear defined project objectives and are rewarded based on their achievement	Adaptability, participation and communication	Innovation

Table 2: Main characteristics of our 5 growth models (inspired by Schneider, Ehrhart & Macey, 2012)

## 6. How to select an appropriate blueprint and grow?

As shown in our study both the decision to grow as well as the organisational blueprint to realise this growth is made by the entrepreneur right at the starting point of his firm. Once the decision to grow the company is made, an organizational blueprint is selected. But what kind of organizational blueprint will help a specific individual firm to successfully grow?

Our research indicates that an organizational blueprint needs to be selected at the start-up phase of the service firm in order to create a high growth company. This organizational blueprint must have a tight fit with the desired company culture and goal. Organizational blueprints are seldom used in their pure form, a mixture of two or more blueprints are more common (Baron, Hannan, 2002). To be able to create an organizational model that fits with the company, an organizational blueprint needs to be selected from the pure form that has the closest fit with the entrepreneur's desires. This blueprint can be the starting point in the development of the organizational growth. The organizational model will be installed in phases. The bigger a company becomes the more important the organizational model will be. Our study showed the organizational model is never finished, the search for a good design is continual. Changes in the environment of the company give a constant need for organizational change.

The organizational structure can have a large influence on the culture within the business. The fit of between the business culture and organizational blueprint is the most important decision making factor for the selection of an organisational blueprint. The entrepreneur needs to decide what business culture he wishes to project to its employees. Each culture has its benefits and disadvantages. Selecting a pure organisational blueprint should be based on the wanted company culture.

For selecting the right organisational blueprint we suggest the culture model introduced by Schneider (Schneider, 1994) as shown in figure 1. The model has two axes, the first is people oriented versus company oriented, describing the level of personal involvement in decision making. The second axis is reality oriented versus possibility oriented, describing what organizations pay attention to. These two axes give us the following four quadrants:

1. **Collaboration:** The collaboration quadrant is about working together and using the diversity of skills. The culture is based on interaction and trust. People are the priority in this culture and the trustworthiness of

employees is highly valued.

2. **Control:** The control quadrant is all about stability. A hierarchical structure is often seen in these types of cultures and standardisation of processes to exercise control. Business planning is daily business and these type of companies recruits for loyalty.
3. **Cultivation:** The cultivation quadrant is about growing people by stimulating authenticity, creativity and creating dedication of employees. These cultures feel very unorganized, brilliant people with creative ideas are the most important driver of these firms.
4. **Competence:** In the competence quadrant expertise, professionalism and efficiency are the cultural norms. The company looks for top performers and achievement is highly cherished. The work is organized as projects led by experts in the field of that specific project.

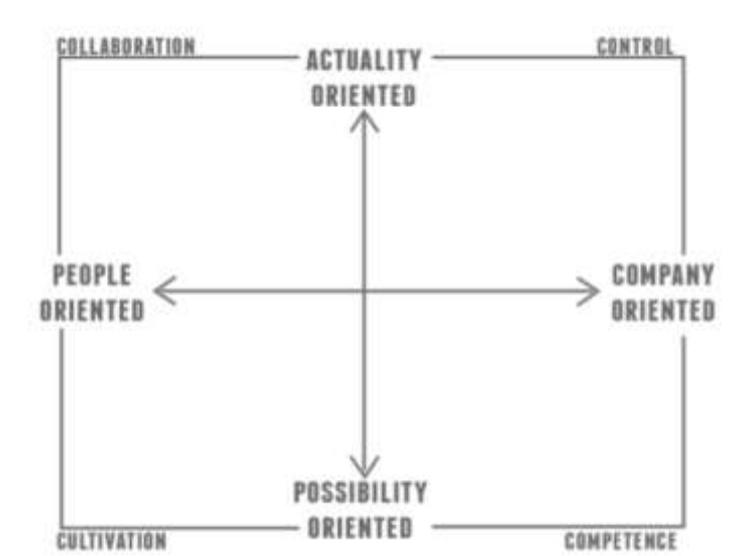


Figure 1: A culture model (Schneider, 1994)

Summarizing the culture model, the core of the *control culture* is power, the *collaboration culture* is about teamwork, a *competence culture* focuses on achievement and the *cultivation culture* is concerned with growth and potential. To be able to select an organizational blueprint the entrepreneur should understand the organization's central nature. The core culture of an organization is an important element to the focus of the organization. To be successful the service organization should adopt an organizational blueprint that is

inherently congruent with the nature of that organization’s culture. By identifying what the natural definition of success, approach to your customers and leadership focus is, the core culture of your organization can be identified.

Based on the findings of our research we placed the five organizational blueprints in the culture model, as is shown in figure 2. This placement is based on the best fit between organizational structure and culture. Of course an organizational blueprint can be adapted in such a way that it has a strong fit with another culture. As a starting point the entrepreneur should identify its core culture and then select the organizational structure that successfully matches this culture. Then the organizational blueprint can be taken out of its pure form and adapted to the specific needs of the company.

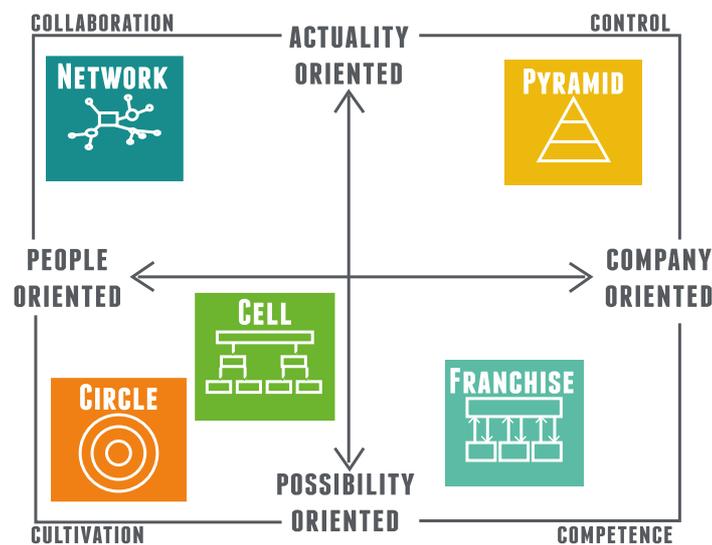


Figure 2: Placements of the 5 organisational blueprints

## 7. Discussion

With this research we set out to investigate what organisational blueprints are best suited for business growth in the service industry. During our literature search and our field study we found five organisational blueprints to be suitable for business growth in the service industry. Service firms thus can grow successfully with different types of organizational blueprints. This finding was confirmed by our expert interviews. This is a very important finding and so far does not explain why so many companies in the service industry struggle with growth.

Few studies on organisational models and business growth exist (Dobon& Soriano, 2008), and none of these offer an explanation on how to select an organisational blueprint for service firms. Some research has been done on factors that influence company growth, of which one important factor is the organizational structure (Lewis, Churchill, 1983). Other research focuses on the importance of the organizational blueprints and the reflection of the entrepreneur's business goals (Baron & Hannan, 2002). While all of these research topics offer important insights on the role and significance of selecting the right organisational structure, the studies do not provide us with insights that would be usable to select an organisational blueprint.

Given the nature of service firms, entrepreneurs need to make the decision whether to they want to grow their company or not (Tominc, & Rebernik,2007). Our research indicated that once this decision is made it is essential to find an organizational blueprint that fits with the company culture. Service organizations are able to grow successfully with any of the five identified organisational blueprints, as long as the organisational model has a tight fit with the strategic offering and business culture of the firm. To increase the speed of successful growth it was found to be important to adopt an organisational blueprint at an early stage of the company, during the start up phase. During this stage the clear vision of the founder can be intertwined with the organisational blueprint. Small improvements to the initial organisational blueprint need to be made to react on the shifts in the company environment.

## **8. Limitations**

The first and most important limitation of this study is the scale of this research. A second limitation lies in the nature of the sample. Data was collected in the Netherlands only. Since culture is an important influencing factor on the selection of an organisational blueprint, it is desirable to make a comparison between service firms in Western Europe. The results of a study among multiple countries will help to understand the effect of each individual national culture on the growth success of the different organisational blueprints in service firms. The third limitation is that the research relies on self-reported measures of company growth by the owner of the interviewed company and publicly available written sources. A sense-check was performed to see how many employees were currently working at the

company as a measure for company growth. However, it would be desirable to have access to financial information from companies to effectively compare the growth successes.

### **9. Directions for further research**

The relationship between organisational blueprints and business growth in the service industry is significant. Both literature and our field study support this finding. The field study also provided an important selection factor for organisational blueprints, namely 'business culture'. While there is a strong relationship between the organisational blueprints, business culture and its effect on business growth for service firms, the selection criteria are not significantly proven. The findings of our empirical field study clearly point towards the need of more in-depth studies to fully understand how organisational structures need to be selected. A first attempt is made in this research with the Schneider culture model (1994) and Schneider, Ehrhart & Macey, (2012). Future research can provide more knowledge about the selection criteria of organisational blueprints and its effect on growth for service firms.

### **References**

- BHAVE, M.P. (1994). A process model of entrepreneurial venture creation. *Journal of business venturing*, 9(3), 223-242.
- BHIDE, A. (1994). *Building the Professional Firm: McKinsey & Co.: 1939-1968*. Division of Research, Harvard Business School.
- BRUSH, C.G. "Pioneering strategies for entrepreneurial success." *Business Horizons* 51.1 (2008): 21-27.
- BARON, J. and HANNAN, M. (2002). Organizational Blueprints for Success in High-Tech Start-Ups: Lessons from the Stanford Project on Emerging Companies. *California Management Review*, 44(3), 8-36.
- CARREE, M.A. and THURIK, A.R. (2003). The impact of entrepreneurship on economic growth. In *Handbook of entrepreneurship research* (pp. 437-471). Boston, Dordrecht, London: Kluwer Academic Publisher.
- CBS (2011). Aandeel dienstverlening niet verder toegenomen. In *De Nederlandse economie 2010* (Chapter 9). Retrieved from <http://http:www.cbs.nl>.
- CBS (2013). Forse toename aantal bedrijven in creatieve industrie. Retrieved from <http://http:www.cbs.nl>.

- CHILD, J. (1972). Organizational Structure, Environment and Performance: The Role of Strategic Choice. *Sociology*, 6(1), 1-22.
- DOBÓN, S.R. and SORIANO, D.R. (2008). Exploring alternative approaches in service industries: The role of entrepreneurship. *The Service Industries Journal*, 28(7/8), 877–882.
- FINK, M. and KRAUS, S. (2008). The need for (entrepreneurial) management of small and medium enterprises. In *The management of small and medium enterprises* (pp. 9–23). New York: Routledge.
- HENDERSON, J. and WEILER, S. (2010). Entrepreneurs and job growth: Probing the boundaries of time and space. *Economic Development Quarterly*, 24(1), 23–32.
- KING, R.G. and LEVINE, R. (1993). Finance, entrepreneurship, and growth. Theory and evidence. *Journal of Monetary Economics*, 32, 513-542.
- KONO, T. (1994). Changing a company's strategy and culture. *Long Range Planning*, 27(5), 85-97.
- MARRIOT, J.W. and BROWN, K.A. (1997). *The spirit to serve: Marriott's way*. New York: Harper Business.
- MCDONALD, D. (2013). *The Firm: The Story of McKinsey and Its Secret Influence on American Business*. Simon & Schuster.
- LEWIS, V.L. and CHURCHILL, N. C. (1983). The five stages of small business growth. *Harvard Business Review*. 61(3), 30-50.
- ROCKEY, E.H. (1986). Envisioning new business: How entrepreneurs perceive the benefits of visualization. *Frontiers of entrepreneurship research*, 344-360.
- SCHEIN, E.H. (2010). *Organizational Culture and Leadership*. San Francisco: John Wiley & Sons.
- SHANE, S.A. (2004). *Academic Entrepreneurship: University Spinoffs and Wealth Creation*. Cheltenham: Edward Elgar Publishing Limited.
- SCHNEIDER, B., EHRHART, M.G. and MACY, W.H. (2013). Organizational Climate and Culture. *Annual Review of Psychology*, 64, 361-388.
- SCHNEIDER, W.E. (1994). The reengineering alternative: A plan for making your current culture work. Irwin.
- SCOTT, M. and BRUCE, R. (1987). Five stages of growth in small business. *Long Range Planning*, 20(3), 45-52.
- SEMLER, R. (2001). *Maverick!: the success story behind the world's most unusual*

*workplace*. Random House.

TOMINC, P. and REBERNIK, M. (2007). Growth aspirations and cultural support for entrepreneurship: a comparison of post-socialist countries. *Small Business Economics*, 28(2-3), 239-255.

VALLIERE, D. (2006). Consequences of growth: Shaping entrepreneurial attitudes. *International Journal of Entrepreneurship and Innovation*, 7(3), 141–148.

VAN DER MEER, H. (2007). Open innovation—the Dutch treat: challenges in thinking in business models. *Creativity and Innovation Management*, 16(2), 192-202.

VAN DER VEN, A.H. (2007). *Engaged scholarship: a guide for organizational and social research: a guide for organizational and social research*. Oxford University Press.

WENNEKERS, S. and THURIK, R. (1999). Linking entrepreneurship and economic growth. *Small business economics*, 13, 27-55.

WIENERS, B. (2004). Ricardo Semler: Set Them Free. *CIO Insight*.

WINTZEN, E.J. and PABON, R.J. (2007). *Eckart's notes*. Wintzen.

WOLFSWINKEL, J.F., FURTMUELLER, E. and WILDEROM, C.P. (2011). Using grounded theory as a method for rigorously reviewing literature. *European Journal of Information Systems*, 22(1), 45-55.

YIN, R.K. (2009). *Case study research: Design and methods* (Vol. 5). Sage.

AVAAZ (2013). *About us* [online] retrieved from: <http://www.avaaz.org/en/about.php> [accessed: 21/06/2013].