**Sample Answer:** Activities in valve are coordinated using the principle of emergence, whereby people define their own projects, they self-select into teams, and disputes are resolved through consensus. There is very little bureaucracy, although some activities (e.g. hiring, dispute resolution) can take quite a long time to resolve.

**Sample Answer:** The main strengths are (a) it fosters creativity because employees are free to choose their own projects, (b) it helps the company to respond effectively to market needs and opportunities, and (c) it is highly empowering, and encourages employees to work hard and take responsibility.

**Sample Answer:** the main weaknesses of an emergent approach to coordination as seen in Valve are: (a) it can be slow-moving because many people’s activities need aligning, (b) it can result in too many, overlapping projects without coherence, (c) it can result in ‘herd behaviour’ with everyone trying to work on trendy or topical projects, (d) it can be very hard to shut projects down or fire people.

**Sample Answer:** There is a focus on the principle of collective wisdom for decision making, with everyone having a voice in decisions that affect them. However, there is still an ultimate owner (Gabe Newell) who has formal authority over others and can (when necessary) impose his view.

**Sample Answer:** Valve uses a combination of approaches to motivation. The biggest emphasis is on enabling employees to work on challenging/exciting projects, which is about “intrinsic” motivation (also called “personal drivers” in this course). There is also some emphasis on enabling people to work with high quality colleagues (called “social drivers” in this course), and there is also some emphasis on paying people very well when they contribute a lot (“extrinsic” motivation, also called “material drivers” in this course). All these elements matter, but the personal driver around doing challenging work is the most important.

**Sample Answer:** Over time, it is likely that Valve’s model will become more ‘traditional’ with greater elements of bureaucracy and hierarchy in particular. This is because the weaknesses of the emergent/collective wisdom based approach will become more severe the larger the company becomes, so the company will create procedures for coordinating regular activities, and will probably hire some managers to make certain decisions. (Something similar happened to Oticon, as discussed in the course).

**Sample Answer:** Two points for answering "yes" to part (a) of the question and explaining why (Valve has created a new model that generates impressive results, and Microsoft could learn from it). Up to three points for providing a coherent answer to part (b) of the question - the "observe and apply" logic would be dangerous because Microsoft is so different to Valve in terms of size, culture etc. However, Microsoft should be able to "extract the principle" of what Valve is doing and adapt those principles to its own setting.