Degrees of Decentralization

DAOs can vary in their degree of decentralization. The gradation of this central characteristic depends on the goals and priorities of the organization. Many DAOs transition from a centralized to a decentralized structure, while others continually function with a degree of centralization. Additionally, established entities with centralized structures may consider implementing DAOs into their management process as a tool to improve certain business areas or solve specific challenges.

Partial

While some DAOs represent an entire organization, others develop to focus on a certain subset of decisions within an existing entity. The combination of centralized and decentralized decision-making can vary per a company's mission and needs.
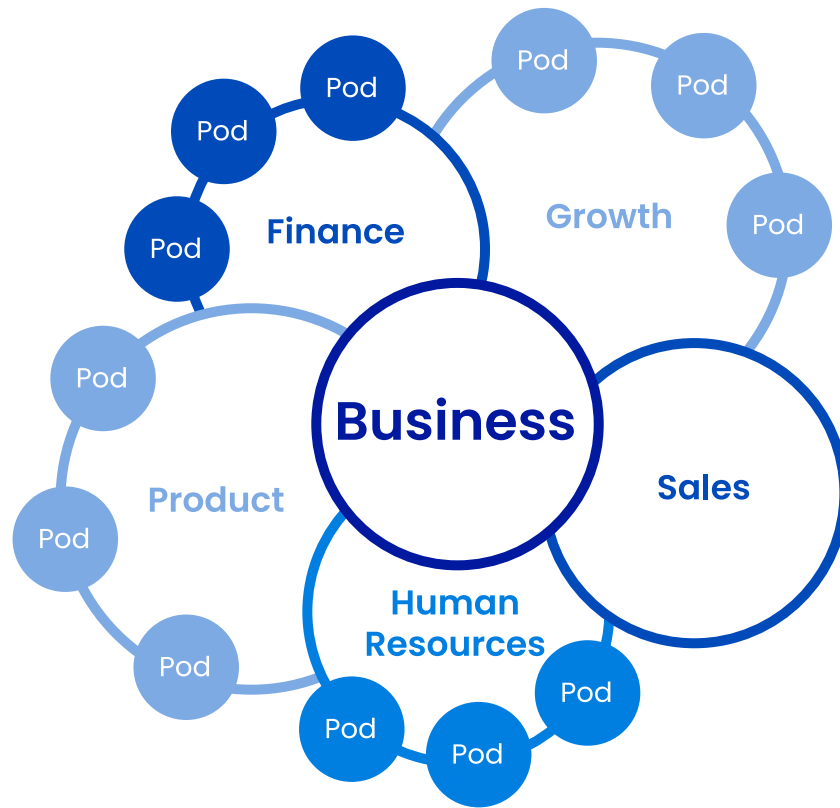
For instance, a DAO could allow stakeholders of a company to influence a particular product by analyzing trends, providing feedback, and making decisions, while other products and company operations remain under centralized management.

Hypothetically, Disney could create a DAO for its creative employees to brainstorm and vote on future plot lines and character development, eliciting ideas reflective of fans and cultural trends.[13]

Multiple

Organizational effectiveness tends to increase with some degree of segmentation, such as working groups, committees, subcommittees, or pods. These subunits may be organized by product line or by general function. For example, an enterprise could form a DAO for each department—human resources, marketing, sales, product, and finance.

It can be difficult to efficiently manage tasks in a flat structure without acknowledging participants' distinct competencies, so leaders naturally emerge. DAO subgroups allow leaders to lead and developers to develop, keeping specialists within their domain but not limiting individuals' soft skills for overall greater productivity and business output.

Multiple DAOs within an organization[14]

Secondary

DAOs are adaptable, allowing organizations that begin with a centralized structure to gradually transition into a more democratic decentralized form.

For instance, ShapeShift, a crypto exchange that exempts customers from submitting personal data for platform use was founded in 2014 and converted to a DAO in 2021.[15]

Hypothetically, Airbnb could transition to a DAO to provide contributors (hosts) and users (renters) with an ownership stake and governance rights over the business.