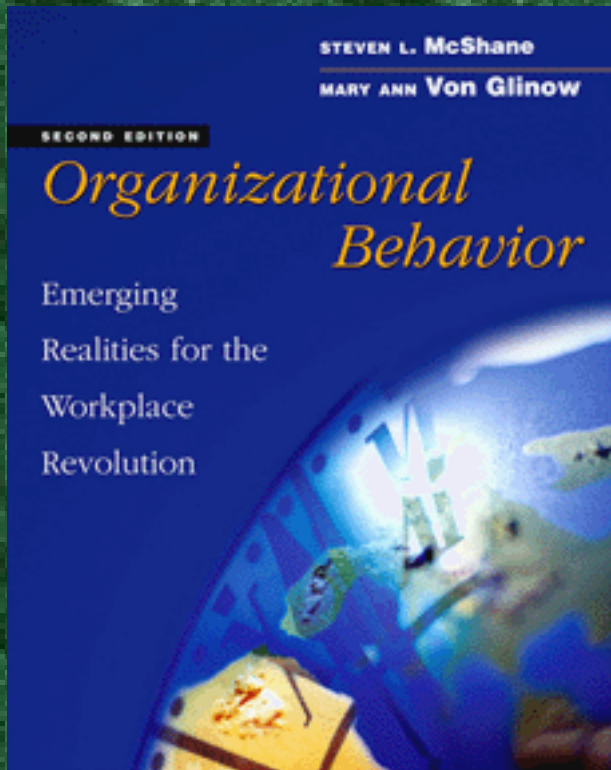
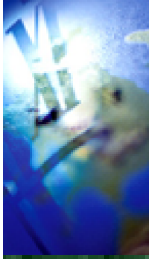


CHAPTER

17



Organizational Structure and Design

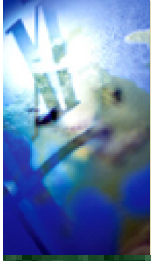


The Decentralization of Coca-Cola

Coca-Cola decentralized its organizational structure by cutting half of the staff at its Atlanta headquarters and moving the regional chieftains closer to their local markets. In India, decision making has been moved further down to different areas of that diverse country.



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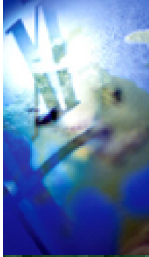


Division of Labor

- Subdivision of work into separate jobs assigned to different people
- Potentially increases work efficiency
- Necessary as company grows and work becomes more complex



© AFP/CORBIS



Forms of Work Coordination

Informal communication

- Sharing information
- High media-richness
- Important in teams

Formal hierarchy

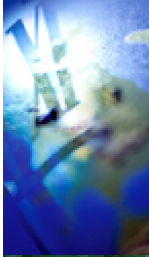
- Direct supervision
- Common in larger firms
- Problems -- costly, slow, less popular with young staff

Standardization

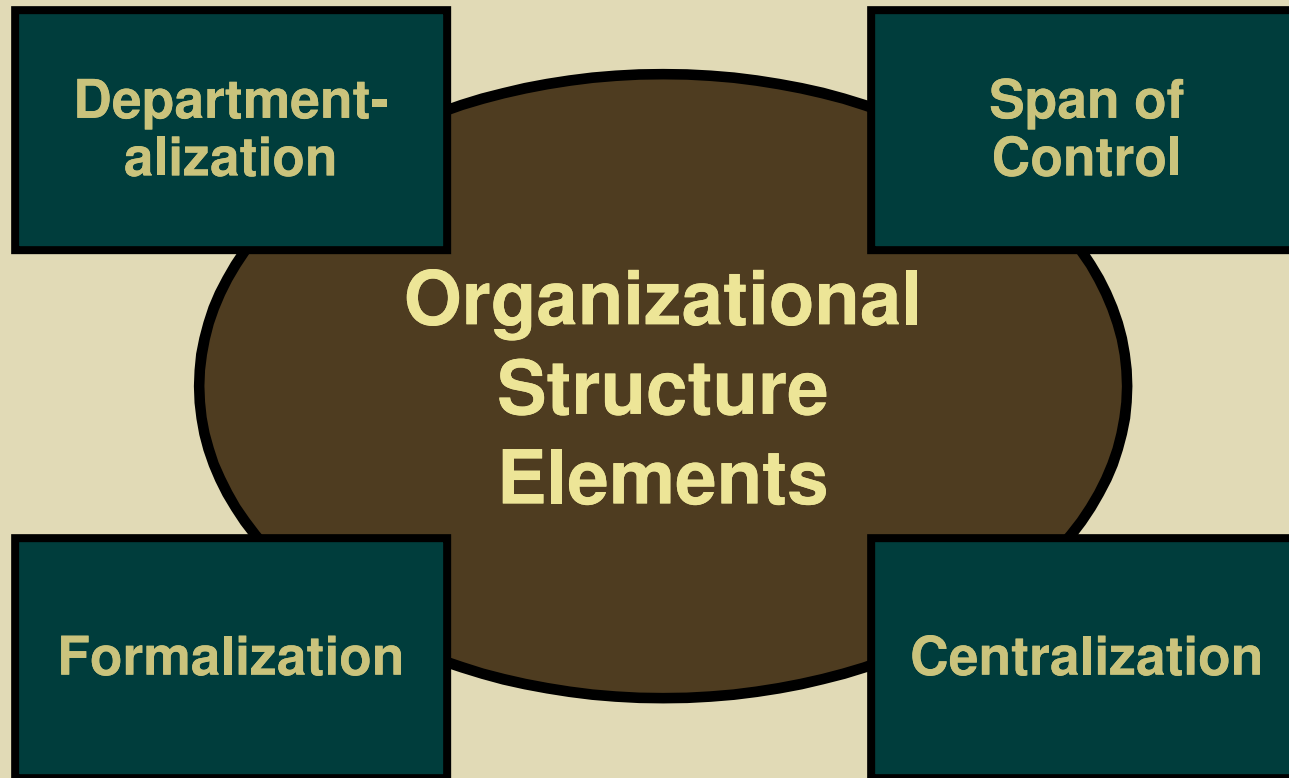
- Formal instructions
- Clear goals/outputs
- Training/skills



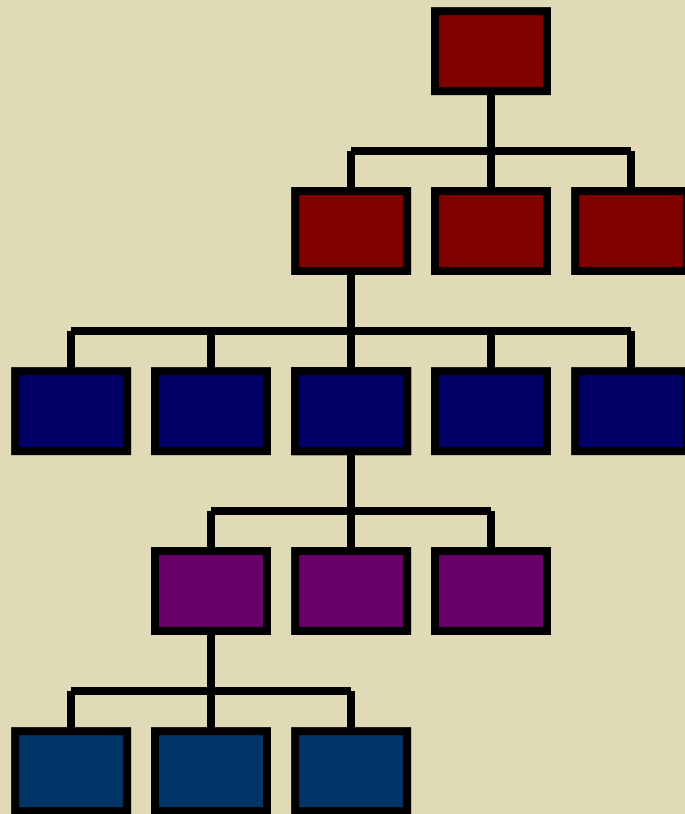
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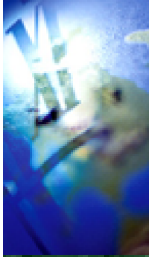
Elements of Organizational Structure



Span of Control



- Number of people directly reporting to the next level
- Assumes coordination through direct supervision
- Wider span of control possible when:
 - with other coordinating methods
 - subordinates' tasks are similar
 - tasks are routine
- Flatter structures require wider span (if same # of people in the firm)



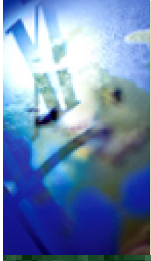
Span of Control at Ducks Unlimited



Ducks Unlimited/Darin Langhorst



Ducks Unlimited Canada recently flattened its organizational structure by removing layers of management. The environmental conservation group wanted the flatter structure to empower employees, and let them make decisions quickly without having to go up the hierarchy.



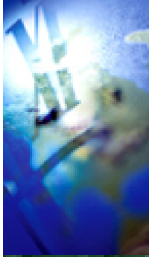
Forces for (De)centralization

Centralization

- **Organizational crises**
- **Management desire for control**
- **Increase consistency, reduce costs**

- **Complexity -- size, diversity**
- **Desire for empowerment**

Decentralization



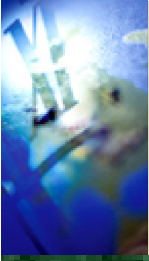
Mechanistic vs. Organic Structures

Mechanistic

- High formalization
- Narrow span of control
- High centralization

Organic

- Low formalization
- Wide span of control
- Low centralization



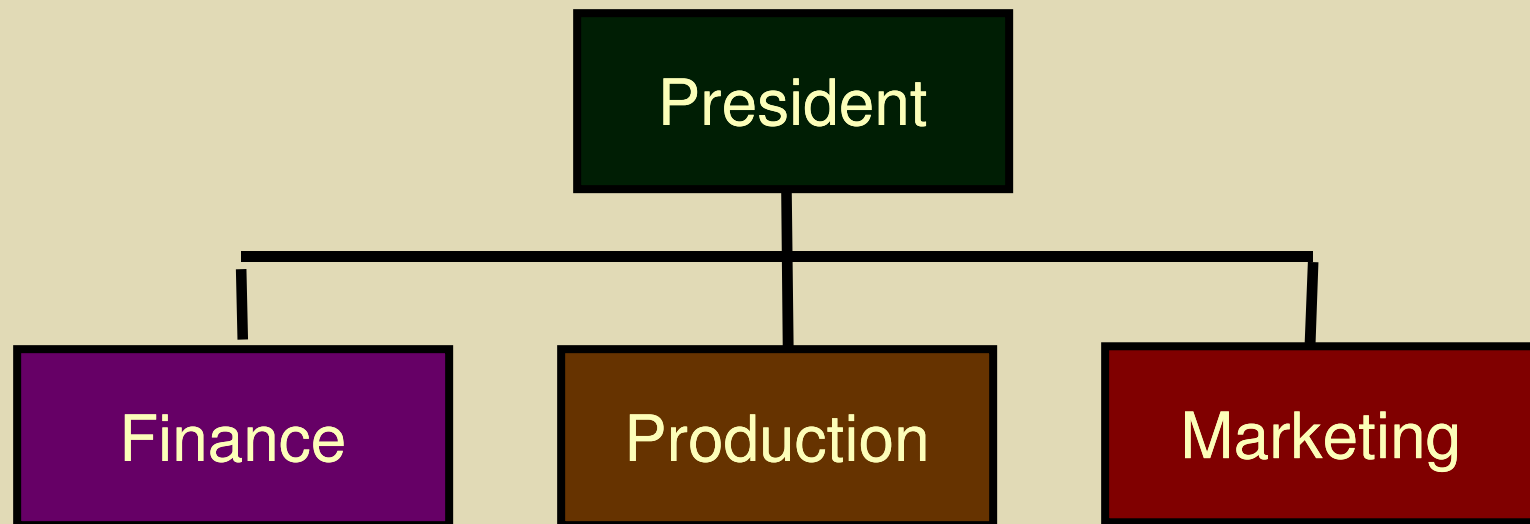
Effects of Departmentalization

- Establishes work teams and supervision structure
- Creates common resources, measures of performance, etc
- Encourages informal communication among people and subunits



Functional Organizational Structure

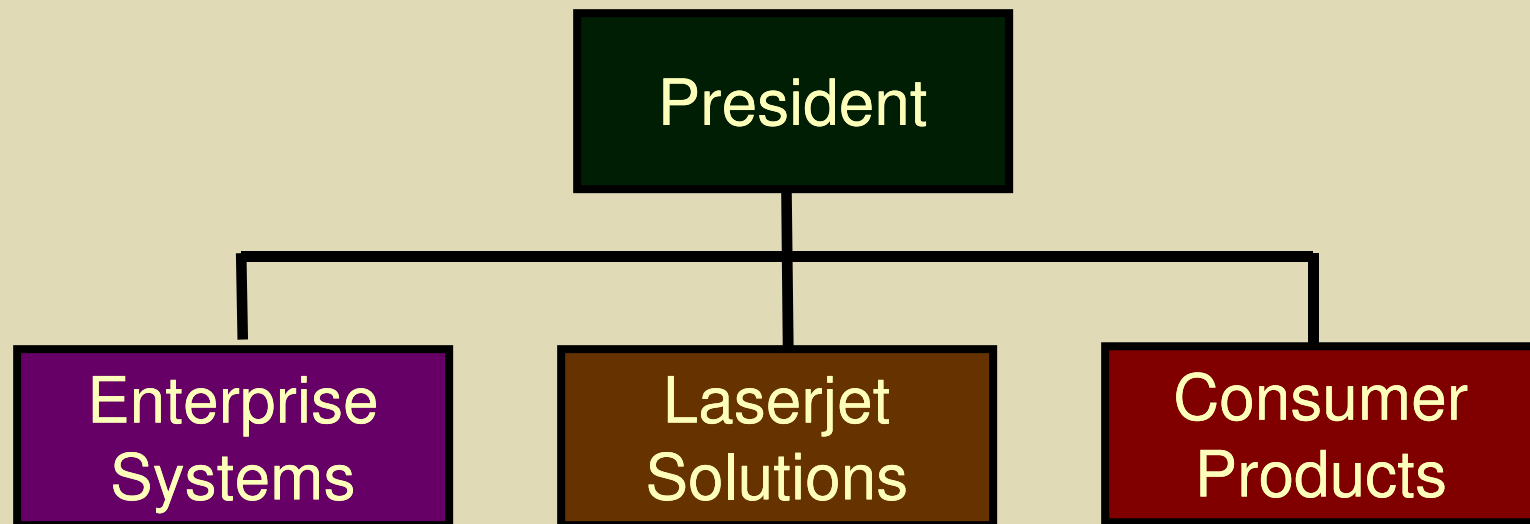
Organizes employees around skills or other resources (marketing, production)





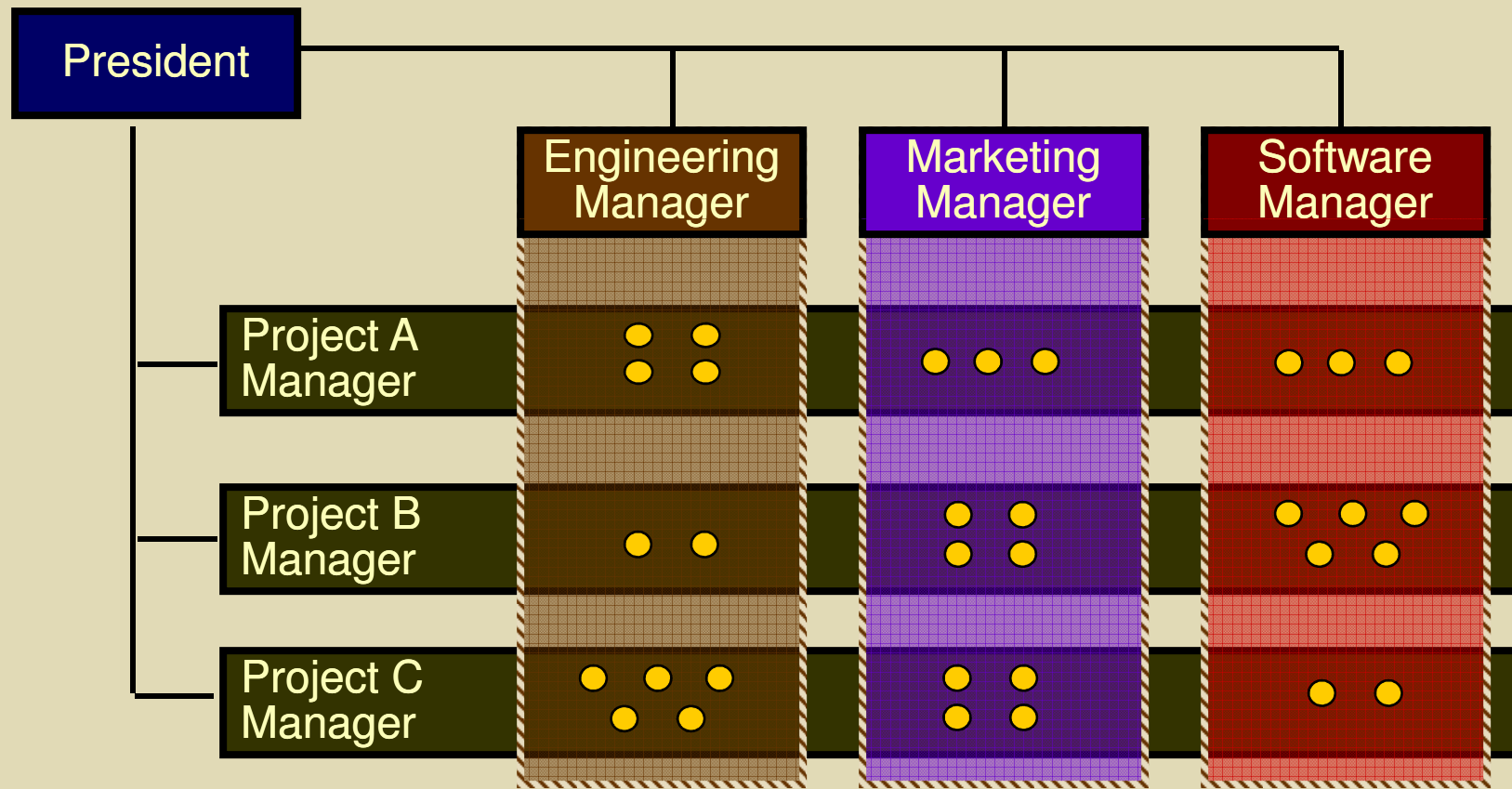
Divisionalized Structure

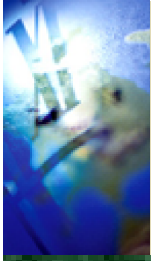
Organizes employees around geographic areas, products, or clients



Project-Based Matrix Structure

Employees are temporarily assigned to a specific project team and have a permanent functional unit



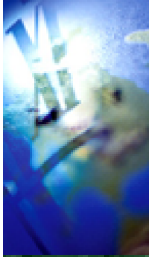


Team Structure at Jabil Circuits

Jabil Circuits relies on a team-based organizational structure at its manufacturing operations. Each production team is responsible for a specific customer group. Team members have a high degree of autonomy and are cross-trained.



Courtesy of Jabil Circuits



Features of Team-Based Structures

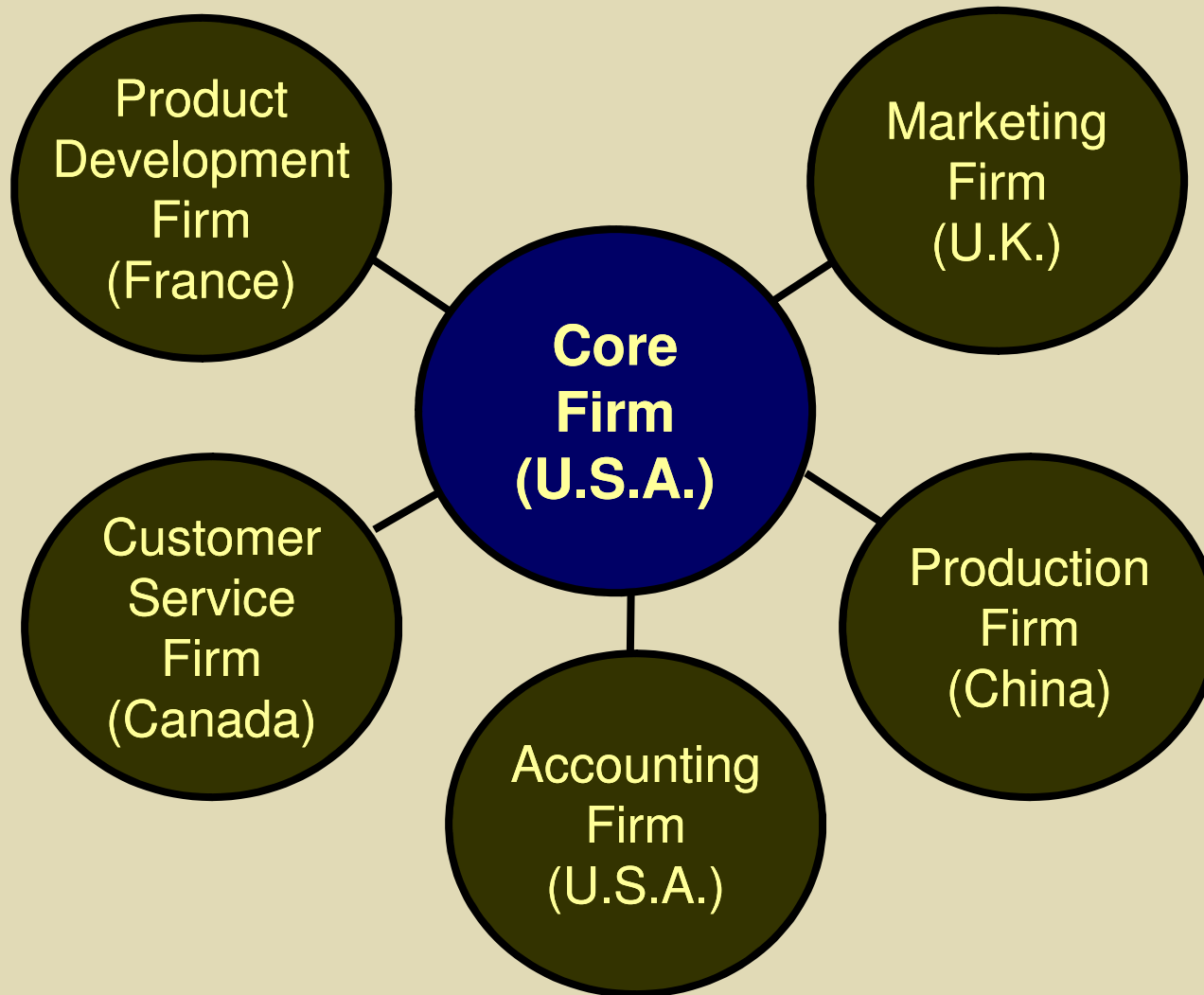
- Self-directed work teams
- Teams organized around work processes
- Very flat span of control
- Very little formalization
- Usually found within divisionalized structure

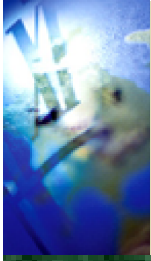


Courtesy of Jabil Circuits



Network Organizational Structure





Types of Organizational Technology

**High
Analyzability**

**Assembly
Line**

**Engineering
Projects**

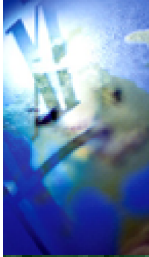
**Low
Analyzability**

**Skilled
Trades**

**Scientific
Research**

**Low
Variety**

**High
Variety**



Org. Environment & Structure

Dynamic

- High rate of change
- Use organic structure

Stable

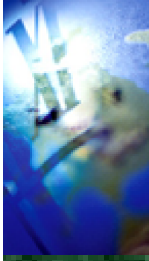
- Steady conditions, predictable change
- Use mechanistic structure

Complex

- Many elements (such as stakeholders)
- Decentralize

Simple

- Few environmental elements
- Less need to decentralize



Org. Environment & Structure (con't)

Diverse

- Variety of products, clients, locations
- Divisional form aligned with the diversity

Integrated

- Single product, client, location
- Don't need divisional form

Hostile

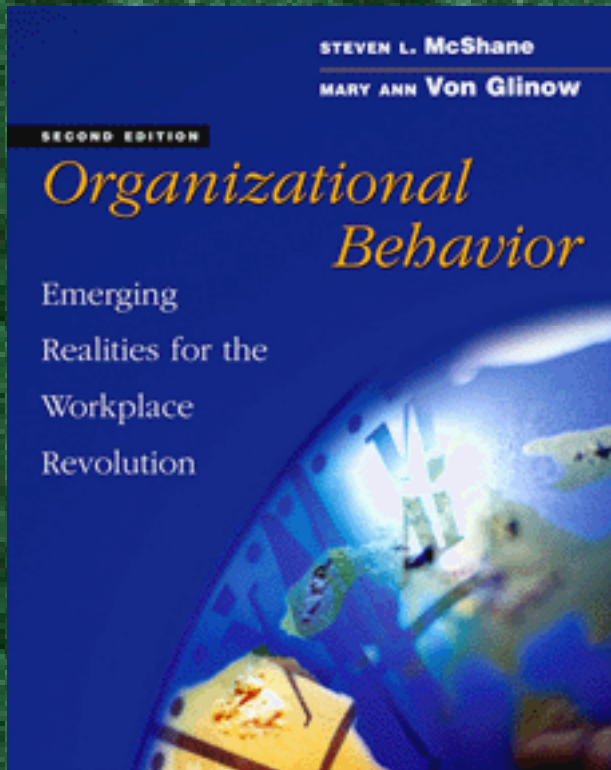
- Competition and resource scarcity
- Use organic structure for responsiveness

Munificent

- Plenty of resources and product demand
- Less need for organic structure

CHAPTER

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Organizational Structure and Design