

Management 301
Exam #3 Study Guide

Chapter #8: Organization, Structure & Design

What is Structure?

Dictionary Definition: Anything composed of parts arranged together in some way.

- Human Body → DNA, Heartbeats
- Roads
- Internet
- Olympics (Sochi 2014)
- Domino's

Structure is everywhere:

Family, sports, video games, buildings, Penn State, planes, pizza joints etc....

- Don't forget the process of Management*
Planning, **Organizing**, Leading, Controlling (organization is in the process of management and is the first step in structure)

Organizing: Arranging tasks, people and other resources to accomplish the work (requires structure)

- Divide up work, arrange resources and coordinate activities

Business Structure comes in 2 forms:

1. Formal
2. Informal

Clicker Question:

Why should "we" care about structure in organizations we join?

- It helps us know where we fit in

Ex: Google Founders (1998): Larry Page and Sergey Brin and Eric Schmidt

- Culture and structure at Google are things that are going to work and did work
- Strategy: to provide structure
- First thing to do was provide an offsite, then have staff meetings, quarterly objectives that are reviewed
- Schmidt: "company works very well and needed a little structure and list making"

1st Form of Business Structure: Formal

Organizational Charts

- Divide up work
- Arrange resources
- Coordinate activities

CEO at the top → Vice Presidents → Managers → The Rest

Xerox- 2011 Organizational Chart: (page 157 in notebook see chart)

Ursula Burns= CEO

- Not bold = line reporting
- Bold = staff
- Line Profession = Responsible for core business functions: think developing new products, making products and selling products
- Staff Profession = Play important support roles but CIO directly brings in revenue: think accounting, HR, EHS, legal

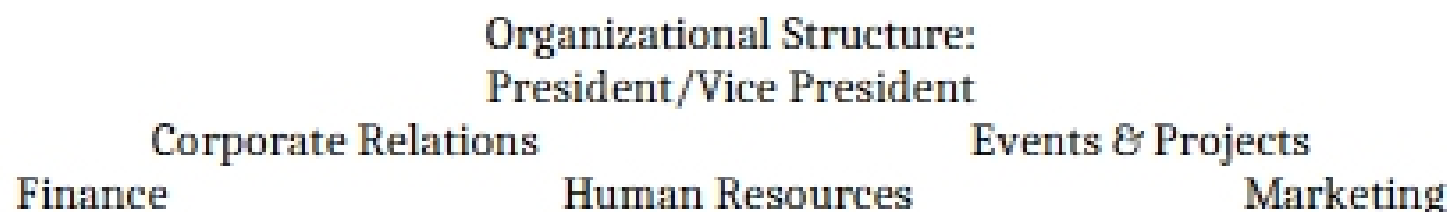
Manufacturing manager = line

Marketing employee = line → involved in selling

Legal Department = staff

Human Resources Manager = staff

Employee Health, environment and safety manager = staff



What Do Organizational Charts Provide:

- Division of Work
- Chain of Command
- Span of Control
- Communication Flow
- Major Units
- Staff vs. Line
- Levels of Management

Ex of Chain of Command: Startrek video- Captain and commander tell each other what they think of each other and then Captain asks commander to fly the ship.

Ex of Span of Control: Tall VS. Flat.

Tall = a lot of levels, tight, more beaurocratic, limited span of control.

Flat = Manager with broad range, flexible, ex: mgmt. 301

CEO Michael Dell of Dell Computer Restructuring: Organization structure that was unwieldy, 20 folks reporting into the CEO and the organization needed to be changed. Every person sat down together and decided what they needed to do and why. Folks saw that it was the right thing to do and it needed to be done. They didn't waste a lot of time and they made it happen. In the U.S business 4 general managers were reporting to the CEO and didn't have to. The structure is now changed and simplified with new positions in areas they are trying to invest and build new capability. Ex: new global services organization and investing a lot in that because it's a high growth opportunity for the future.

Clicker Question:

You work at J&J and share an issue with your Boss who in turn shares it with their boss, etc. This represents what about structure?

- Chain of Command

2nd Form of Business Structure: Informal

There are Pros and Cons to informal structure

- Support groups help make decisions
- Smeal is anti technology which has its own pros and cons (social network analysis)

Structural Types:

How Business Organizes:

Functional → Divisional → Matrix → Team → Network → and back to functional again

Ron's Business Journey: An Act of Fiction

- Bean bag business (hugs bean bag commercial)
- Needs structuring

Functional Structure: ex: Will Smith

CEO

VP Finance

VP Operations

VP Marketing

VP Accounting

Departments:

Departments:

- Line

Line

Line

Line

- Staff

Staff

Staff

Staff

Benefits of Functional Structure: Economies of Scale, Broad Expertise, Training for Skill, Functional Career Paths (Marketing for life)

EX of Organizational Functional Structure: Gulfstream (____ are the functions)

CEO

President

Admin Legal

Product Support

Finance

Marketing & Sales

Programs Engineering

Government Programs

Operations

Functional Organization Structure Issues: (functional is not perfect)

Silos and Chimneys

Each Silo and Chimney are functions and they are used to define the negatives of functions.

Clicker Question:

I'm starting a new business. If I go with a functional structure which below is not a benefit?

- A. Competition among functions**
- B. Scale economic advantages
- C. Development of broad expertise