GMS200 – Chapter 8 – April 1, 2014

Organizing – a management function

* Organizing
* Organization
  + Formal Structures
  + Informal Structures

Organizing and other management functions (Schermerhorn & Wright Text)

* Organizing, to create structures
  + Divide up the work
  + Arrange resources
  + Coordinate activities
* Planning, to set the direction
* Controlling, to ensure results
* Leading, to inspire effort

Types of organization structures

* Functional, Divisional and Matrix structures
* Functional structures
  + People with similar skills and performing similar tasks are grouped together into formal work units.
  + Members work in their functional areas of expertise.
  + Are not limited to businesses.
  + Work well for small organizations producing few products or services.

Functional structures in a business, branch bank, and community hospital (Schermerhorn & Wright Text)

* Business firm
  + President
    - VP Marketing
    - VP Finance
    - VP Production
    - VP Human resource
* Branch Bank
  + Branch Manager
    - Manager, Loans
    - Manager, Investments
    - Manager, Operations
    - Manager, Trust
* Community
  + Administrator
    - Director of Medical staff, Nursing, Clinics, Patient Service

Types of organization structures

* Functional structures have both advantages and disadvantages
* Divisional Structures
  + Group together people who work on the same product or process, serve similar customers, and/or are located in the same area of geographical region.
  + Common in complex organizations.
  + Avoid problems associated with functional structures.

Divisional structures based on product, geography, customer, and process

(Schermerhorn & Wright Text)

|  |  |  |
| --- | --- | --- |
| **Type** | **Focus** | **Example** |
| Product | Good or service produced |  |
| Geographical | Location of activity |  |
| Customer | Customer or client serviced |  |
| Process | Activities part of same process |  |

Types of organization

* Types of divisional structures and how they group job and activities:
  + Product structures focus on a single product or service.
  + Geographical structures focus on the same location or geographical region
  + Customer structures focus on the same customer or clients.
  + Process structures focus on the same processes.
* Matric structure
  + Combines functional and divisional structures to gain advantages and minimize disadvantages of each

New development in organization structures

* Guidelines for horizontal structures:
  + Focus the organization around processes, not functions.
  + Put people in charge of core processes.
  + Decrease hierarchy and increase the use of teams.
  + Empower people to make decisions critical to performance.
  + Utilize information technology.
  + Emphasize multiskilling and multiple competencies.
  + Teach people how to work in partnership with others.
  + Build a culture of openness, collaboration, and performance commitment.

New development in organization structures

* Team structures
  + Extensively use permanent and temporary teams to solve problems, complete special projects, ad accomplish day-to-day tasks.
  + Often use cross-functional skills
* Network developments in organization structures
  + Network structures
    - A central core that is linked through networks of relationships with outside contractors and suppliers of essential services
    - Own only core components and use strategic alliances or outsourcing to provide other components
* Outsourcing
* Deadly sins of outsourcing:
  + Outsourcing activities that are part of the core.
  + Outsourcing to untrustworthy vendors.
  + Not having good contracts with the vendor.
  + Overlooking impact on existing employees.
  + Not maintaining oversight; losing control to vendors.
  + Overlooking hidden costs of managing contracts.
  + Failing to anticipate need to change vendors, cease outsourcing.
* Boundary less organizations
  + Eliminate internal boundaries among subsystem and external boundaries with the external environment.
  + A combination of team and network structures, with the addition of ‘temporariness.”
  + Key requirements…
    - ….
    - ….
* Contemporary organizing trends include:
  + Shorter chains of command.
  + Less unity of command.
  + Wider spans of control.
  + More delegation and empowerment
  + Decentralization with centralization.
  + Reduced use of staff.