

Organizational Design

Your team is to organize this business so that it can function with the highest level of efficiency and effectiveness. Consider an employee's function/role (what they do), reporting relationship, physical location, and ability to be accountable. Draw the organization with boxes (based on levels of management & reporting relationships) on a separate sheet of paper (it is recommended that your group discuss and talk about it prior to mapping it out)

Imagine that you are the President of this private software business that initially began in New York City. You have about 100 customers – where 20% of your customers are evenly split between your five offices.

- Your company has an individual in charge of the following functions (Accounting, Sales, Legal, Facilities (actual buildings and security) and Software Development.
- There are five offices in the United States (New York City, Orlando, Austin, Los Angeles, Seattle)
- Each U.S. office has the following departments (Accounting, Sales, Legal, Facilities, Software Development)
- Not including you there are a total 234 employees. Total number by function and site is:

	Accounting	Sales	Legal	Facilities	Software Development	Totals by Site
NYC	10	15	2	7	12	46
Orlando	12	18	2	8	15	55
Austin	9	12	2	8	11	42
Los Angeles	8	14	2	6	12	42
Seattle	10	16	1	7	15	49
Totals by function	49	75	9	36	65	234

In the next 6 months, you are considering opening a London Office that will just have 20 sales people, one Legal person, one Accountant and two facilities employees. How will you organize this group and integrate it with the whole company?

Questions to consider:

- Should each office have one General Manager (in charge of all functions)?
- Should each office have a manager of each function (Director of Sales, Director of Accounting, etc.)?
- Who will directly report to you (the President)?

Questions & Answer

How many individuals report directly to the President?

How many have a General Manager for EACH site?

How many don't have a GM for any?

Who is responsible for Overall Company Sales within your organization?

Advantages and Disadvantages of each Design (group by group)

Dual reporting relationship? (matrix based) Why? Adv and Disad.

What functions can be consolidated?

Your manager is the one who "manages" you as well as makes recommendations (promotions, salary increases, terminations, etc.)

Explain how companies can become "consolidated"?

Move all salespeople to "work from home" and report to Director of Sales in NYC. Adv. and Disad.

Outsourcing based on functions (software development to India); cheaper labor, higher skilled labor; closer to customers

Outsourced to other vendors (cheaper, more efficient, only pay for work done, no down time, pay per project, etc.)

Centralized vs. Decentralized organizational structure

019 dots

Apra - HPS

Joe's plumbing

STUCO on W.B.