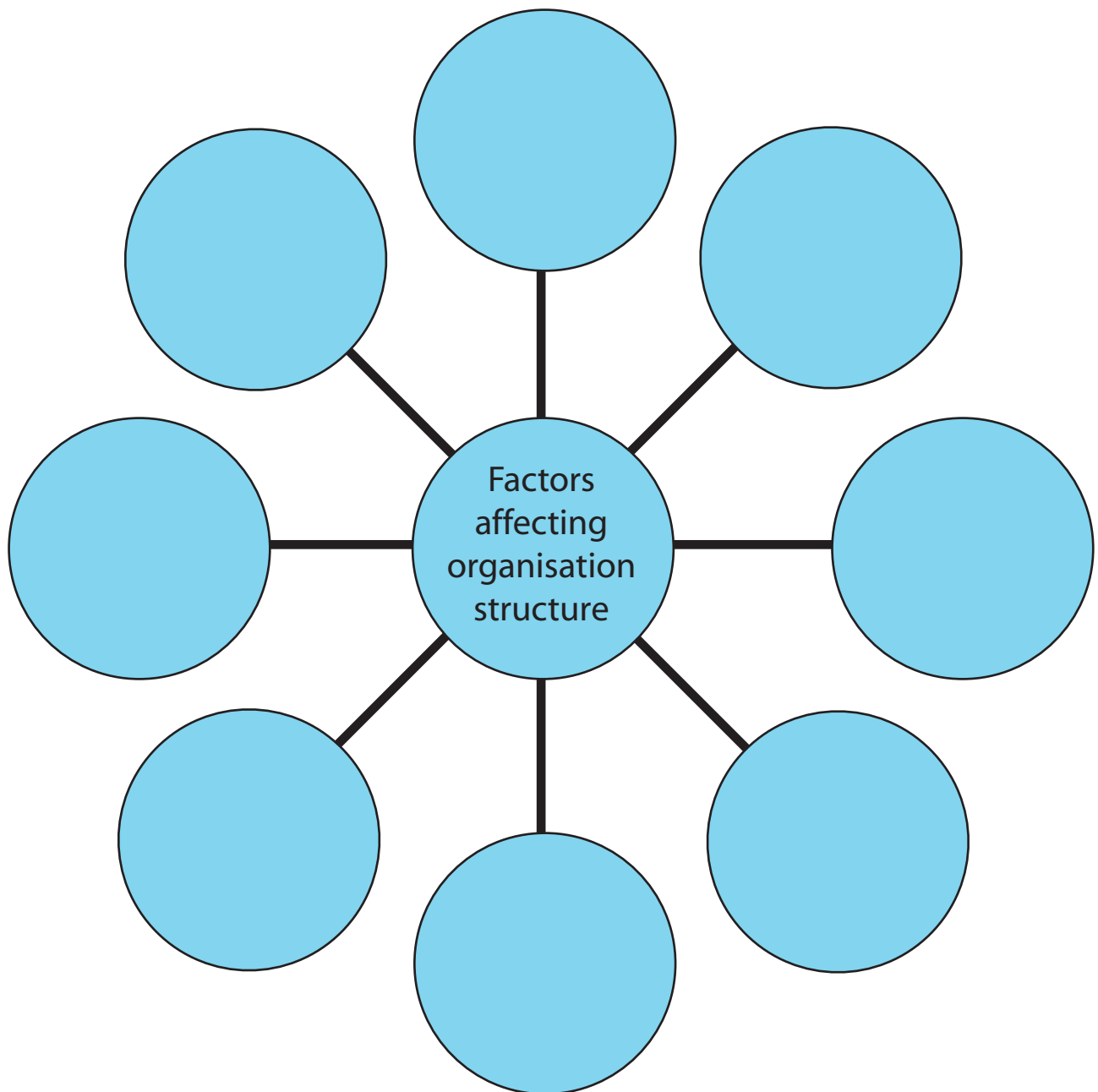


Organisation structures - teacher or trainer copy

Every business has a structure. If it did not, no one would know who does what. The type of business structure used depends on a number of things. Use the diagram below to identify the factors that need to be considered when deciding on the type of organisation structure to be used.



Discuss your ideas with a partner and then in a small group, decide on a definition for organisation structure.

My definition of **organisation structure** is:-

One definition of organisation structure is:-

how the business is divided into departments and management levels so that everyone knows what their jobs are and who their bosses are.



A company will divide its organisation into different parts according to the type of business it does. The organisation structure can be based on:

Where the company is divided into departments according to the work each department does. A lot of businesses are structured in this way. **Specialisation** can take place and a company is usually better organised if it is divided into its different functions.

The functions operating in a business are likely to include:

- **purchasing;**
- **production;**
- **marketing and sales;**
- **human resources;**
- **administration;**
- **finance.**

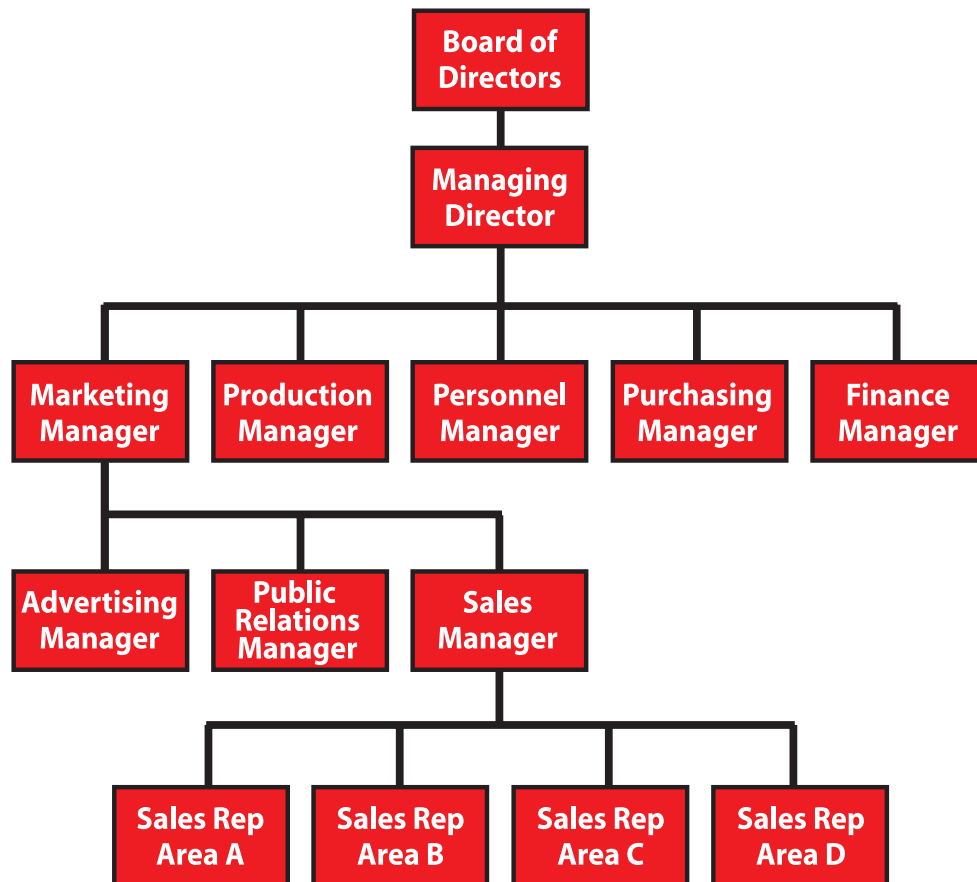
Product	<p>A car manufacturers is divided up into sections according to the type of product made. For example, they might divide their structure into the following sections:</p> <ul style="list-style-type: none"> • passenger vehicles (cars); • light commercial vehicles (MPVs); • heavy commercial vehicles (trucks or buses).
Geographical	<p>A burger bar with branches all over the country or even a multinational company with branches throughout the world would divide its departments according to the different countries or regions where it operates.</p>
Project	<p>The increasingly popular matrix structure means that a company divided by function will take a member of staff out of each department and form a temporary team put together to perform one specific task, e.g. develop a new product.</p>

The organisation structure of a business is shown in a diagram called an **organisation chart**. The chart will show us how the business is put together.

It will allow you to see:	<ul style="list-style-type: none"> • the status and responsibilities of each manager; • the lines of communication in the company; • the span of control of each manager.
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An example of an organisation chart is given below:

Organisation chart



Now answer the following questions:

How many managers does the Managing Director have directly under him?

This is referred to as the Managing Director's span of control.

How many people does he have direct control over?

This means he has authority over them.

How many people is he responsible for?

The chain of command is the path down which instructions and orders are passed on - and up which requests and complaints are sent.

Who does Rep Area C report to?

This is referred to as accountability.

DRAWING ORGANISATION CHARTS

ABC ORGANISATION STRUCTURE

Ross and Katherine started their own partnership ABC five years ago, offering a personal computer consultancy service for individuals and small businesses.

Due to their initial success they gradually increased their business so that they employed a total of 12 people by the end of the first year. The staff profile at this time was as follows:

Staff Profile

Ross and Katherine - the partners **delegate to three consultants**.

Louise, Seamus and Neeraja - the consultants **report** to both partners.

Mark, Sarah, Sean, Jenny, Chantelle, Alicia, Lucy - are administrators and are less senior than the consultants. They all work at the same level of the organisation.

Mark and Sarah are **accountable** to Louise.

Sean and Jenny are both within Seamus's **span of control**.

Neeraja is **responsible** for Chantelle, Alicia and Lucy.

Work in groups to complete the following activities:

- Produce your own organisation chart using the information provided and include the photographs attached.
- Answer the following questions:
 - What is the chain of command operating between Ross and Chantelle?
 - What is the span of control of Neeraja?
 - Who does Louise delegate to?
- Discuss and decide why organisation charts are drawn up
 - What are the benefits of organisation charts?
 - What are the limitations of organisation charts?

Be prepared to feed back to the rest of the group.

ABC ORGANISATION STRUCTURE



ROSS



KATHERINE



LOUISE



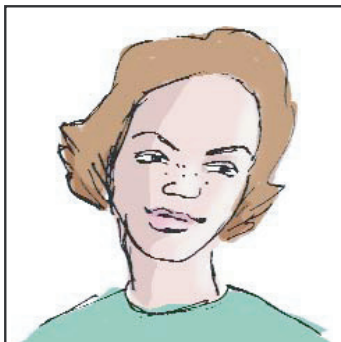
SEAMUS



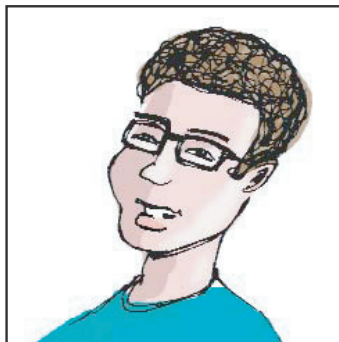
NEERAJA



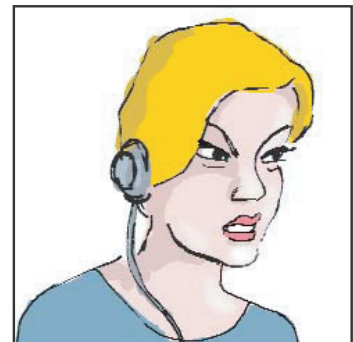
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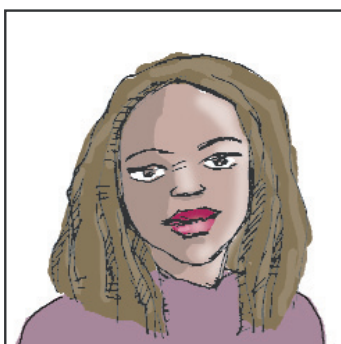
SARAH



SEAN



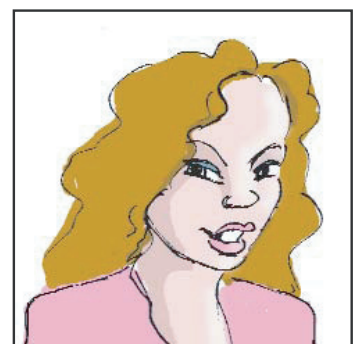
JENNY



ALICIA



LUCY



CHANTELLE

Use these pictures to help you draw the organisation chart for ABC.

**Remember to show that responsibility flows downwards
and accountability flows upwards.**

Key words

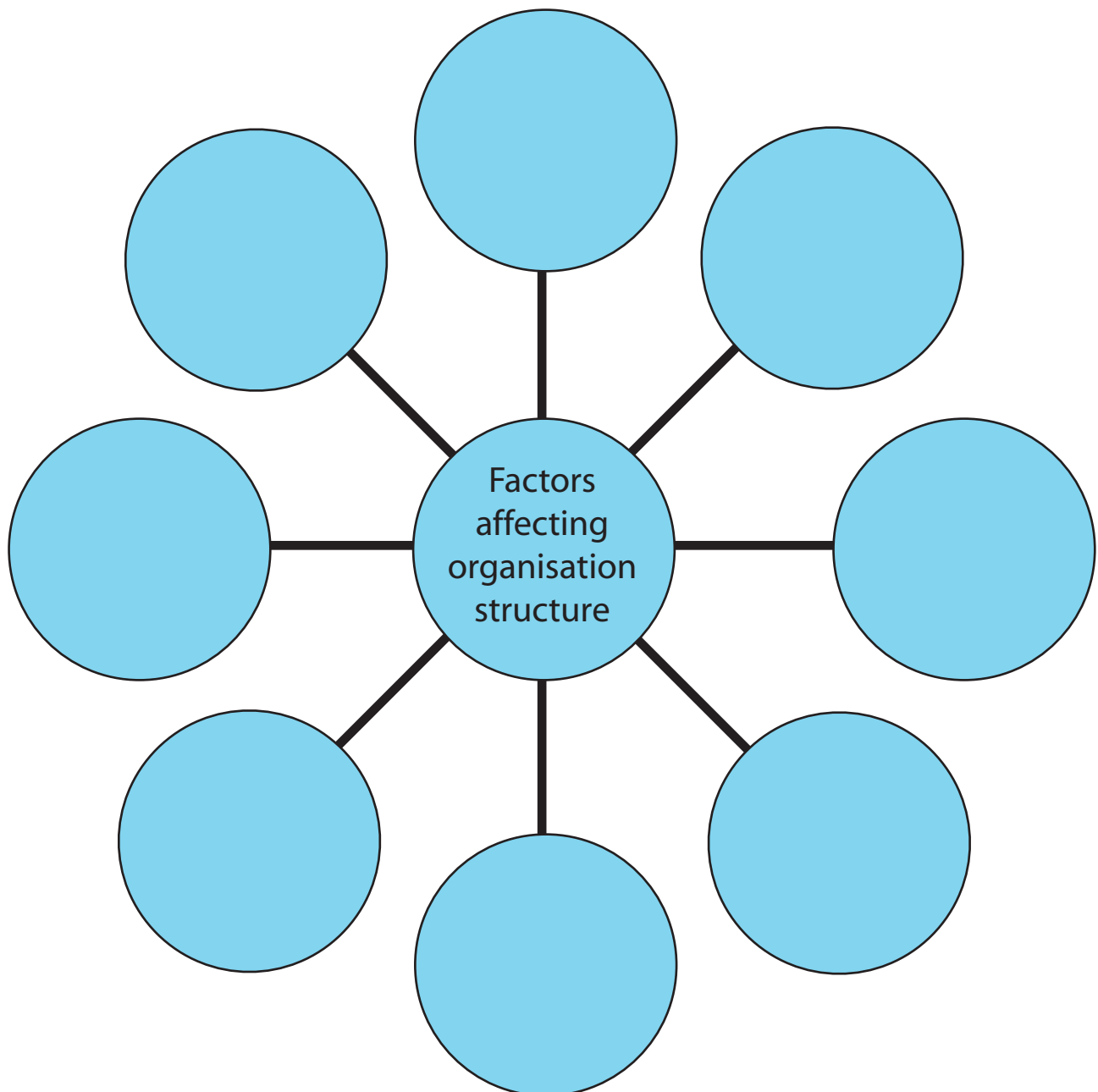
Organisation structures

Accountability	Is the duty of all staff to do the work to the best of their ability and report back on the results.
Administration function	This function is responsible for the flow of information and communication within the business. It provides support services to the business.
Authority	A power or right to perform a task or make a decision, passed to a person by delegation.
Chain of command	The path along which instructions are passed down from top management to workers.
Delegate	To pass on authority to make decisions.
Finance function	This function is responsible for controlling the flow of money both in and out of the business.
Function	Different departments of a business that specialise in different jobs e.g. marketing, finance.
Human resources function	This function is responsible for the recruitment, selection and retention of the best staff for the business.
Lines of communication	Are the methods used to relay information within the business, they can be formal or informal.
Marketing and sales function	This function is responsible for identifying, anticipating and satisfying customer requirements profitably.

Matrix structure	The structure used when specialisms are important. Often used for one off projects such as bridge building.
Multinational	A company that has branches all over the world.
Organisation chart	The diagram that shows the organisation structure.
Organisation structure	How the business is divided into departments and management levels so that everyone knows what their jobs are and who their bosses are.
Production function	This function is responsible for the manufacturing processes operating within the business. It must make sure that goods are supplied on time and are of good quality.
Purchasing function	This function is responsible for ensuring that supplies of the correct materials, of the right quality are available when required.
Responsibility	An employees duty to undertake a task he or she has been given.
Span of control	The number of people over whom one person has direct control.
Specialisation	Is when a person or group concentrates on one specific job and becomes an expert in that area.

Organisation structures - learner pack

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-
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-
-
-

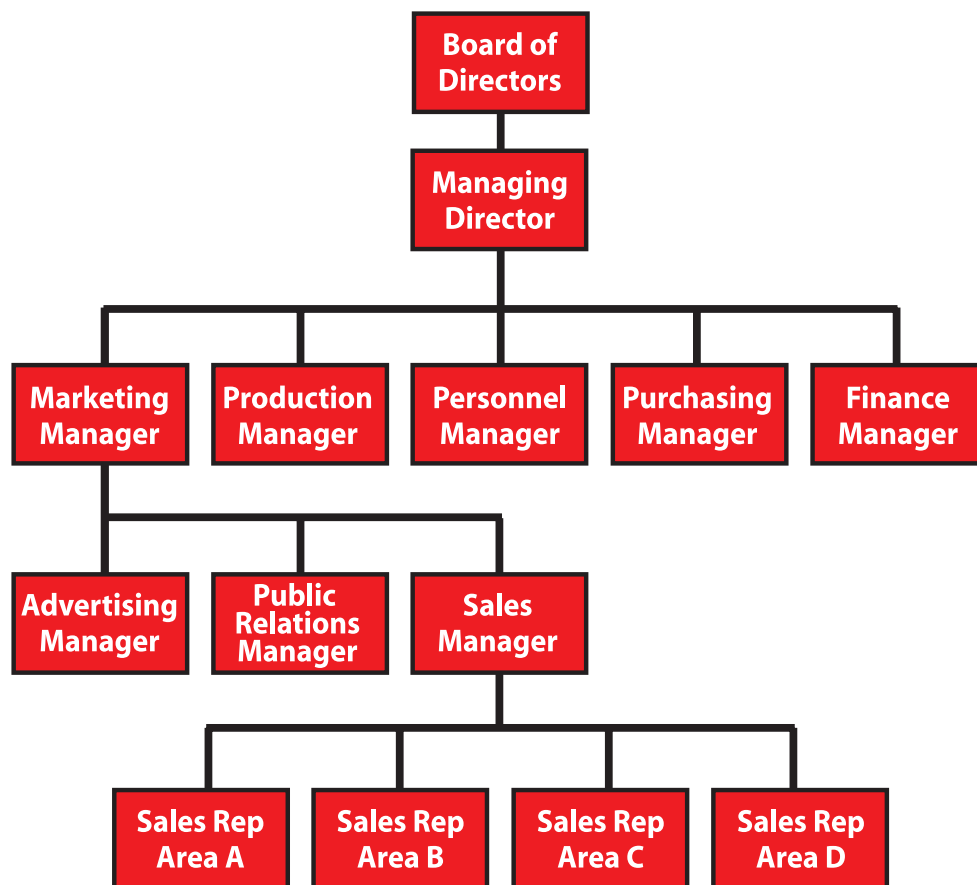
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ABC ORGANISATION STRUCTURE



ROSS



KATHERINE



LOUISE



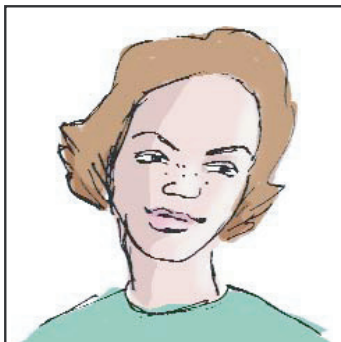
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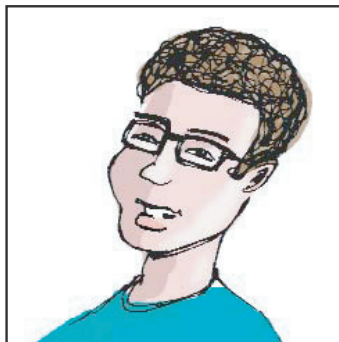
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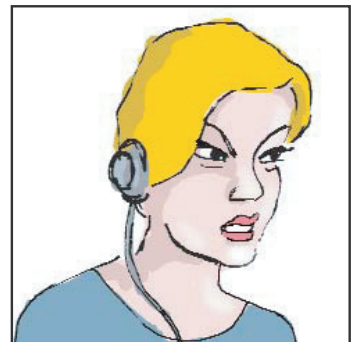
MARK



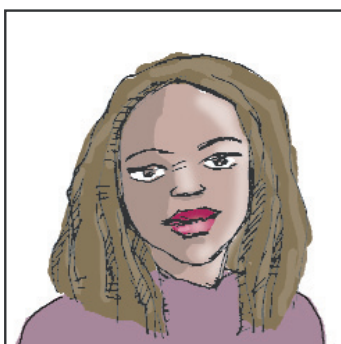
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