

COMPANY STRUCTURE

Elizaveta Kurilo

Types of organizational structures

- Functional structure (traditional chain of command)
- Product lines (divisions)
- Geographic structure (country managers)
- Matrix structure (project teams)

Restructuring strategies

- Delayering process
- Centralisation
- Outsourcing
- **Downsizing (layoff)**
- **Starburst**
- **Business Process Reengineering**
- **Virtualization**

Downsizing

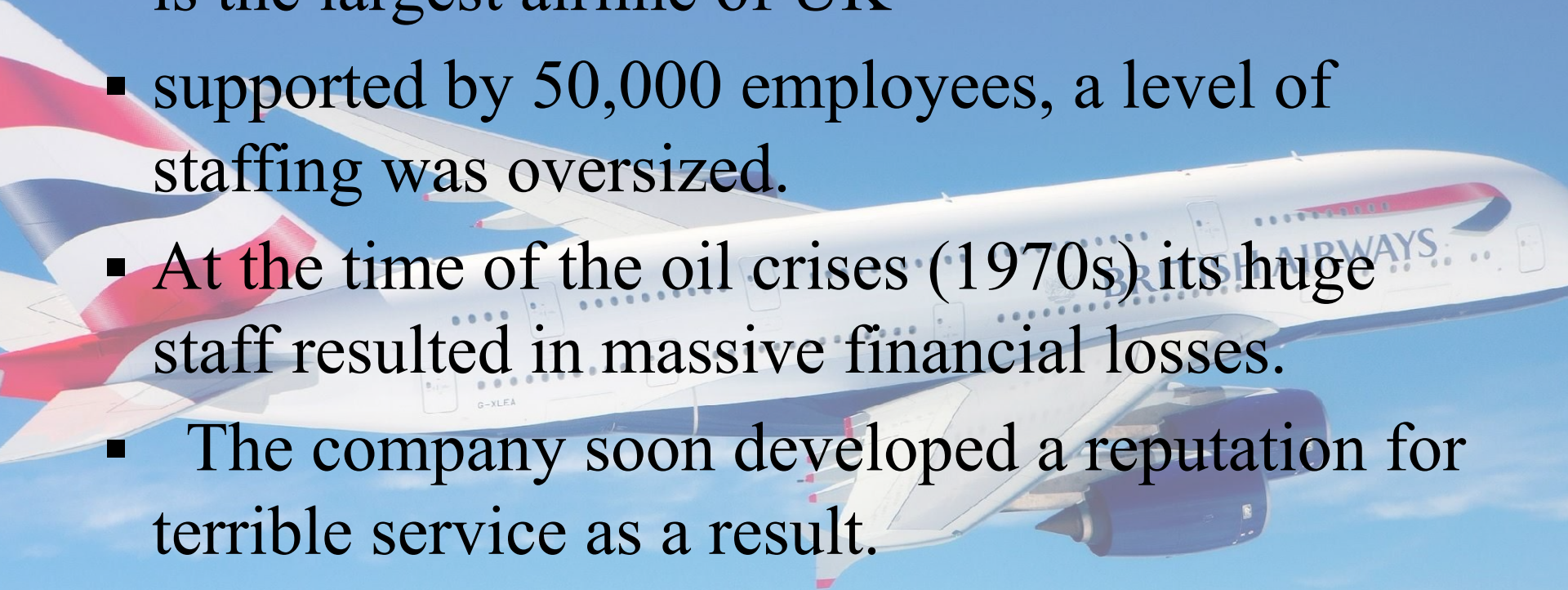
This restructuring strategy is about reducing the manpower to keep employee costs under control.

Downsizing is not always a result of business losses; it may be needed even in cases of takeovers or acquisitions and mergers.



British airways

- is the largest airline of UK
- supported by 50,000 employees, a level of staffing was oversized.
- At the time of the oil crises (1970s) its huge staff resulted in massive financial losses.
- The company soon developed a reputation for terrible service as a result.
- The new chairperson Lord King decided to restructure the entire organization by reducing its workforce from 59,000 to 39,000



What is important is that before King began announcing layoffs, he explained his reasons for the restructuring to the entire company to prepare them for the upcoming change.

Otherwise the company could have experienced negative press around all the layoffs.

Starburst

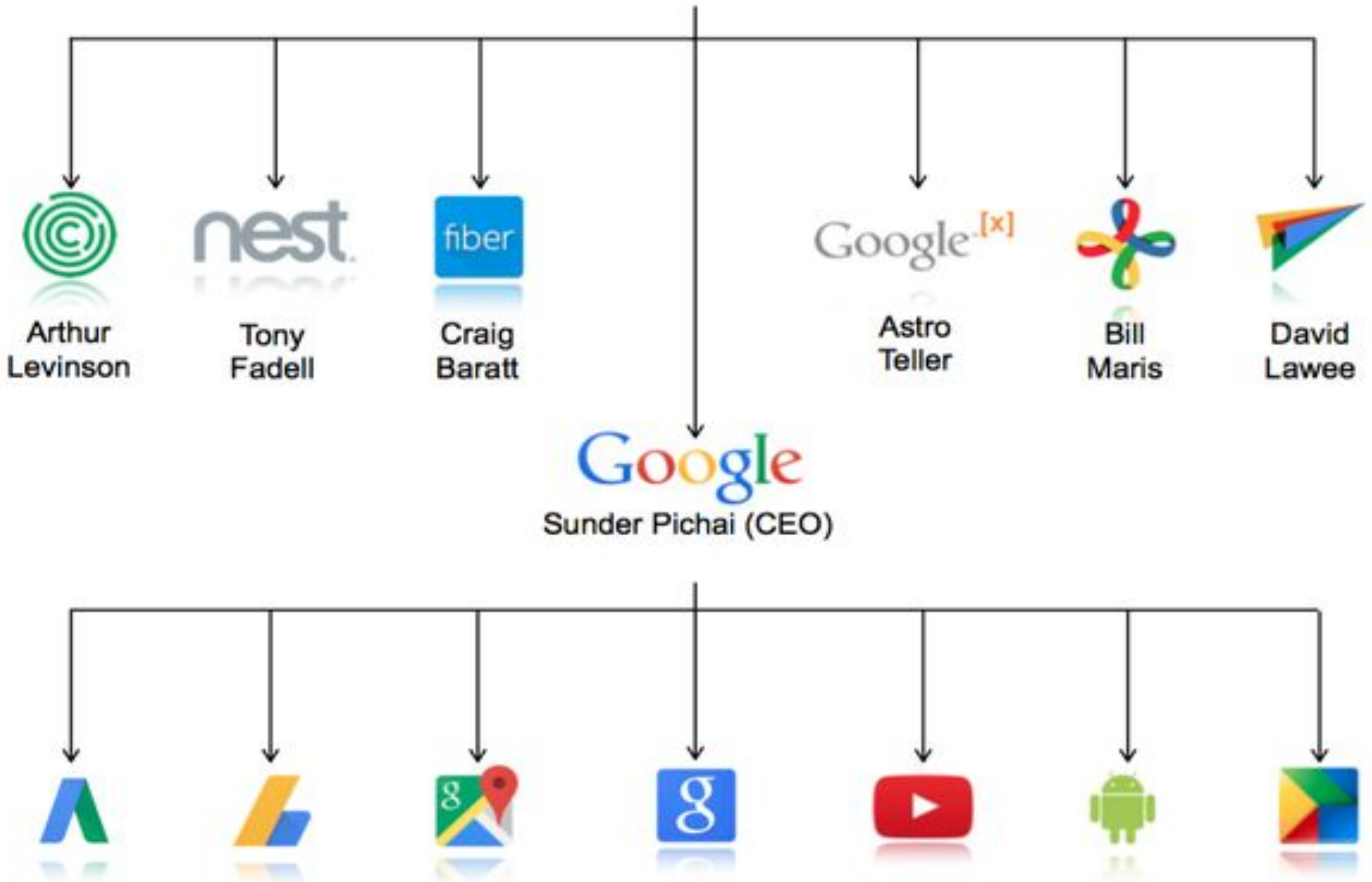
This restructuring strategy involves breaking a company into smaller independent business units for increasing flexibility and productivity.

Google splits up under the Alphabet umbrella

- Google as a company grew monstrously diverse.
- So Google was broken up into its constituent parts, making each one its own company, with all of them owned by a new umbrella corporation called Alphabet.

Alphabet

Larry Page (CEO) | Sergey Brin (President) | Eric Schmidt (Chairman)



Business process reengineering

- This type of restructuring is carried out for making operational improvements. It begins with identifying how things are being done currently and then it moves on to re-engineering the tasks to improve productivity.
- Business process re-engineering usually results in changing roles.
- It may lead to layoffs, and can also create new employment opportunities.



- When Ford Motor was trying to reduce its cost, it found that the process at its financial department needed to be re-engineered.
- 75% of the staff from this department was laid off
- The reengineering helped in simplifying the controls and maintaining the financial information more accurately



- The strategy involves pushing employees outside the office to places where they are more needed like at the client's site.
- It also involves upgrading to technology, which allows virtual offices to be set up.
- For example, the ATMs offered by banks are their virtual units.

Large organizations tend to follow routine,
gain “organizational fat” and play the
same game that made them successful in
the past



A photograph of a meeting room where several people are sleeping or resting their heads on the table. The text 'THANK YOU FOR YOUR ATTENTION' is overlaid in large white letters. The background shows a window with blinds.

**THANK YOU
FOR
YOUR ATTENTION**