

Organisational Structure

- The contingency approach to defining management culture:
 - IF: size, technology or environment changes
 - THEN: Organisation structure and management styles also change – but these changes are more or less predictable

Lyndall Urwick's Ten Principles of Organisation (what ought to be rather than what always is):

1. Objective:

Every organisation and part of the organisation must be an expression of the purpose of the undertaking concerned, or it is meaningless and therefore redundant.

Mission Statements

Vodafone:

Our vision - is to be the world's mobile communications leader - enriching customers' lives, helping individuals, businesses and communities be more connected in a mobile world.

Mission Statements

Ford:

Our vision, our mission, our values

Our Vision: to become the world's leading company for automotive products and services.

Our Mission: we are a global, diverse family with a proud heritage, passionately committed to providing outstanding products and services.

Our Values: We do the right thing for our people, our environment and our society, but above all for our customers.

Mission Statements

Kraft:

Our Vision

Helping people around the world eat and live better.

Our Values

Innovation - Satisfying real life needs with unique ideas

Quality - Fulfilling a promise to deliver the best

Safety - Ensuring high standards in everything we make and do

Respect - Caring for people, communities and the environment

Integrity - Doing the right thing

Openness - Listening to the ideas of others and encouraging an open dialogue

Mission Undisputed global food leadership

Consumers - First Choice

Customers - Indispensable Partner

Alliances - Most Desired Partner

Employees - Employer of Choice

Communities - Responsible Citizen

Investors - Sustainable Growth

Mission Statements

Cadbury Schweppes:

Our
♥ Core Purpose
is:

working
together
to create
brands
people love



Mission Statements

Asda:

‘....to be Britain’s best value retailer
exceeding customer needs...Always’

Mission Statements

Lidl:

Company Principles

Customer satisfaction drives our action

Outstanding value for money determines our market

Efficient decision making and simple procedures ensure our success

We expand faster than our competitors

It is our duty to be fair to everyone in our organisation

We respect and support each other

Agreements are made and kept in an atmosphere of trust

As a branch organisation we work with a system

Praise, recognition and constructive criticism shall determine our working atmosphere

We surround ourselves with 'strong' staff - with deputation organised in all areas

My personal favourite on a cardboard fried chips container:

"Inside are the best potatoes we could dig up.

Sorry we couldn't do any better. We're trying awfully hard....."

2. Specialisation:

The activities of every member of any organised group should be confined, as far as possible to the performance of a single function.

Specialisation

- So how does this square with a joined up IT system that spans several (or all in the case of an ERP system) departments?
- What is sacrificed in the name of 'jointery'?

3. Co-ordination:

The purpose of organising per se, as distinguished from the purpose of the undertaking, is to facilitate co-ordination: unity of effort.

Coordination

- Synergy?
- Economies of scale?
- Same hymnsheet? – Hence the mission statements earlier?

4. Authority:

In every organised group the supreme authority must rest somewhere. There should be a clear line of authority to every individual in the group.

Authority

- See Weber
- See Fayol

5. Responsibility:

The responsibility of the superior for the acts of the subordinate is absolute.

6. Definition:

The context of each position, both the duties involved, the authority and responsibility contemplated and the relationships with other positions should be clearly defined in writing and published to all concerned.

Definition

- Job descriptions
 - Always adequate?
 - Useful indicators of what can be (or should be) expected?

7. Correspondence:

In every position, the responsibility and the authority should correspond.

Correspondance

- Responsibility means the authority to act should be a given; have one, must have the other. Always the case?

8. Span of Control:

No person should supervise more than five, or at the most, six direct subordinates whose work interlocks.

Span of Control Refers to **Line** authority ie the number of subordinates who report directly to a manager rather than through an intermediary.

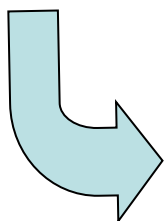
V A Graicunas came up with a formula to describe the concept:

$$R = n \left(\frac{2^n}{2} + n - 1 \right)$$

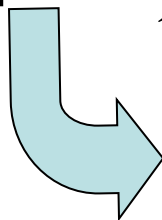
Where the limits of control are simple the span of control can be wider – assembly line; soldiers on parade etc

Example – for $n = 6$

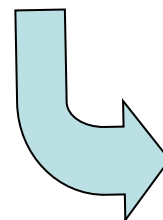
$$6\left(\frac{2^6}{2} + 6 - 1\right)$$



$$6\left(\frac{64}{2} + 5\right)$$



$$6(32 + 5)$$



222

- What does this figure of 222 mean?
- It is the total number of interactions possible between 6 people (named for convenience A to F)
- A+B, A+C, A+D, A+B+C, B+C, A+B+C+D+E+F etc etc etc
- You will see that each grouping results in slightly different experiences: A+B are good friends but when C is around the conversation changes.....

9. Balance:

it is essential that the various units of an organisation should be kept in balance.

10. Continuity:

Re-organisation is a continuous process: in every undertaking specific provision should be made for it.