



Principles of Business

Term 3 course n°3

Student work : sharing views on management and leadership ; teacher's view

Organisational structures (U form, M form, Internal Matrix)

BA 1st Year – 06/04/2020

Leadership exercises

You are required to : find 1 to 3 maximum leaders that you admire, and write a few words about why you admire them and describe which desirable leadership characteristics they have.

Leadership exercises : teacher's choices



Winston Churchill : Great leader, superbe motivation and creativity, hard worker, great sense of humour. He had a long term vision and a carrear plan for his life. Proved to be right when suspicious about Hitler, a this moment vast majority of public opinion was pacifist and blamed him.

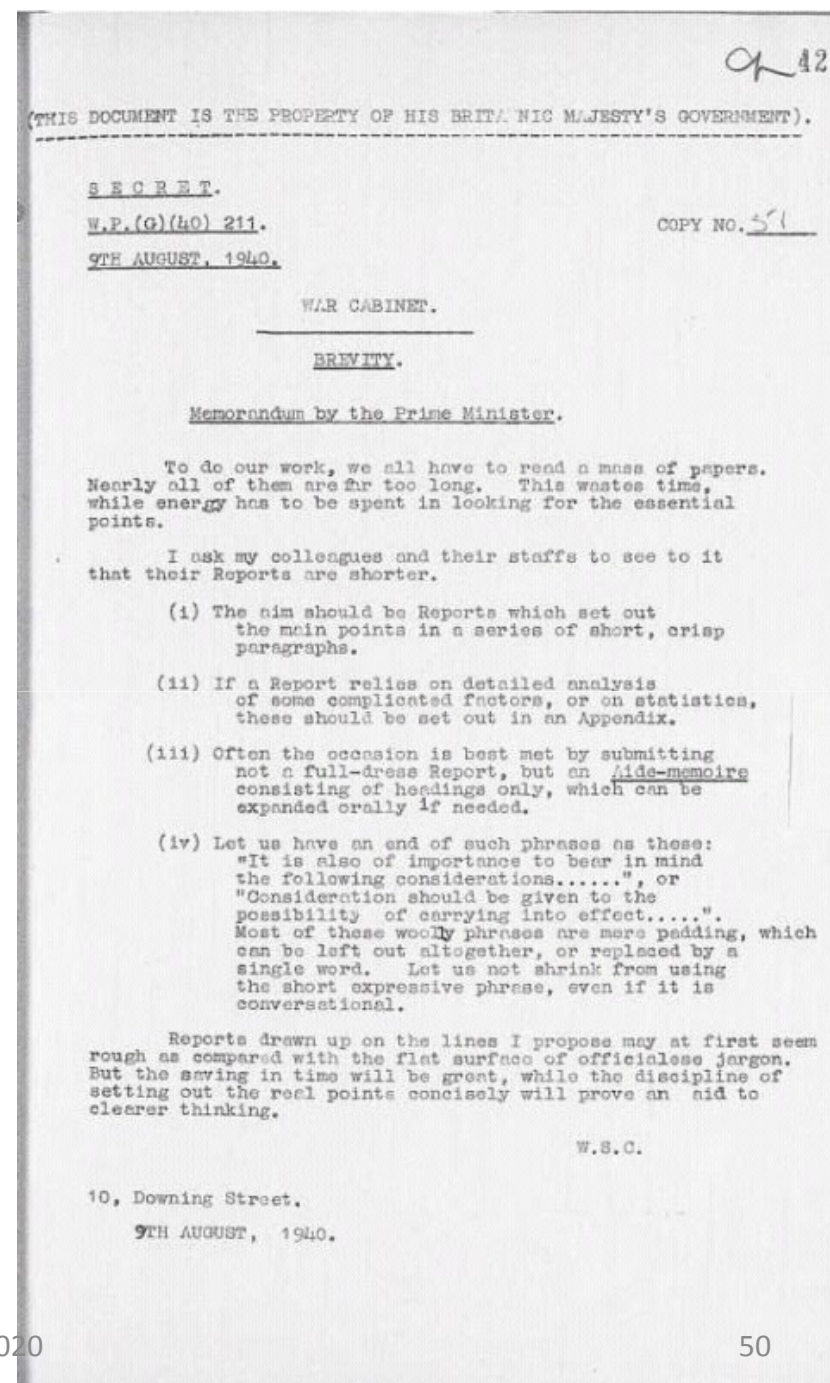


Winston Churchill leadership and management lessons

He was an inspiring leader : his speeches are memorables « I have nothing to offer but blood, toil, tears and sweat. » ; May 13, 1940 (<https://www.youtube.com/watch?v=jrPoMGZ35xl>) / « We Shall Fight on the Beaches / We shall never surrender » ; June 4, 1940 (<https://www.youtube.com/watch?v=14IVzLjoFBQ>) / « Their finest hour » ; June 16, 1940 (<https://www.youtube.com/watch?v=6ijhxeHljvU>)

He was putting maximum pressure on his subordinate by sending every day memos red labelled with « action this day ». He showed the exemple by working a lot.
He would also control the results.

Cons : Putting his attention on little details is conter productive. At some point he had a problem not to delegate.

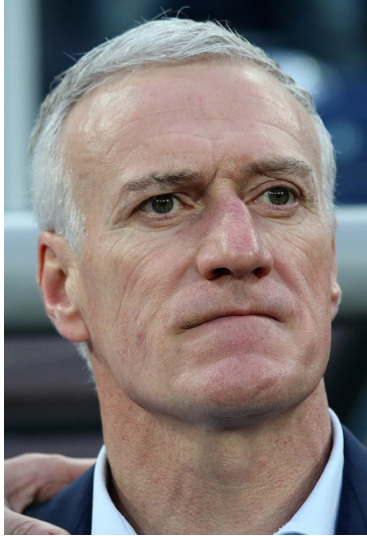


Winston Churchill leadership and management lessons



- 1) “ A pessimist sees the difficulty in each opportunity, an optimist sees the opportunity in each difficulty ”
- 2) “ If two people agree on everything, one of them is unnecessary”
- 3) “However beautiful the strategy, you should occasionally look at the results.”
- 4) “Criticism may not be agreeable, but it is necessary. It fulfils the same function as pain in the human body. It calls attention to an unhealthy state of things.”
- 5) “ To improve is to change. So, to be perfect is to have to change often ”
- 6) “ Act like it is impossible to fail ”

Leadership exercises : teacher's choices



Didier Deschamps : France football team manager.

He is very focus on victory, always emphasis on team's objective above individuals egos. Assumed the decision not to selectionate Benzema, strong but unwanted in his team.

He is very strong in psycology : act as a mental coach to his players and find the words to motivate them. Knowned to be an hard worker, he prepares very well each match and knows everything about opponent team.

Organisational structures

Why do they matter ?

A leader is never alone ! Big projects needs huge number of people involved !

Organizing the work of few tens or tens of thousand isnt the same. Depending on the size depend how complexe the organization will be.

Successful organizational structures define each employee's job and how it fits within the overall system.

A centralized structure has a defined chain of command, while decentralized structures give almost every employee receiving a high level of personal agency.

Types of organisational structures

Functional Structure

Four types of common organizational structures are implemented in the real world. The first and most common is a functional structure. This is also referred to as a bureaucratic organizational structure and breaks up a company based on the specialization of its workforce. Most small-to-medium-sized businesses implement a functional structure. Dividing the firm into departments consisting of marketing, sales, and operations is the act of using a bureaucratic organizational structure.

Divisional or Multidivisional Structure

The second type is common among large companies with many business units. Called the divisional or multidivisional structure, a company that uses this method structures its leadership team based on the products, projects, or subsidiaries they operate. A good example of this structure is Johnson & Johnson. With thousands of products and lines of business, the company structures itself so each business unit operates as its own company with its own president.

Types of organizational structures

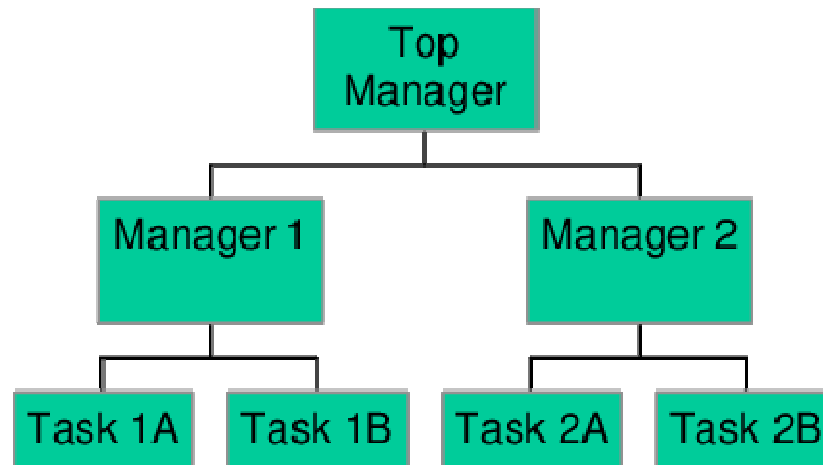
Flatarchy Structure

Flatarchy, a newer structure, is the third type and is used among many startups. As the name alludes, it flattens the hierarchy and chain of command and gives its employees a lot of autonomy. Companies that use this type of structure have a high speed of implementation.

Matrix Structure

The fourth and final organizational structure is a matrix structure. It is also the most confusing and the least used. This structure matrixes employees across different superiors, divisions, or departments. An employee working for a matrixed company, for example, may have duties in both sales and customer service.

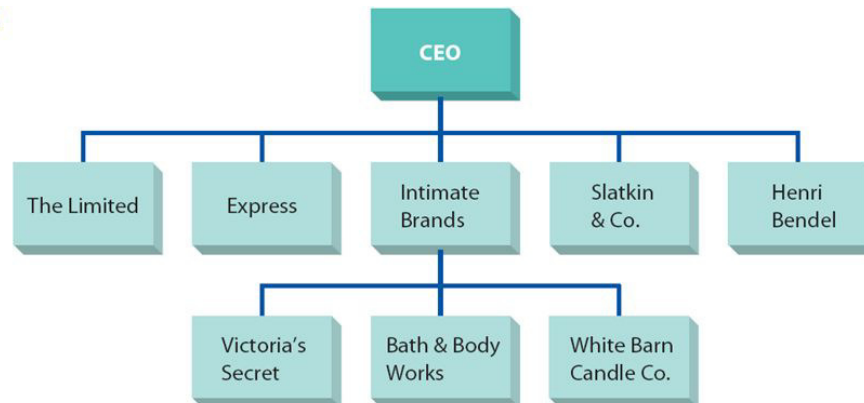
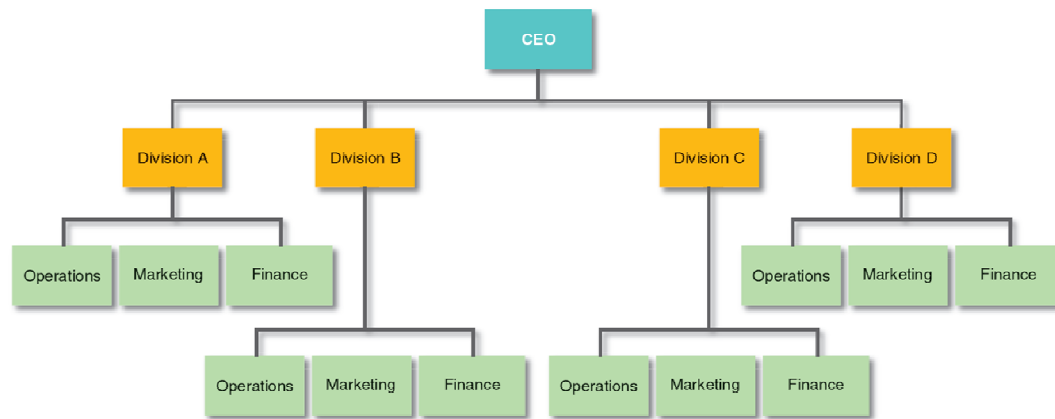
Organisational structures : functional / U form



U-FORMS

- Functional (or U-Form) Structures group or “chunk” on the basis of their common expertise/experience or because they use the same resources or focus on the same activities
- Advantages:
 - increased specialization
 - economies of scale in monitoring
 - critical decision-making is centralized in one “peak” person
- Disadvantages:
 - cannot handle the complexity of multiple activities well
 - subgoal pursuit problems can become acute
 - absence of objective measures of performance
 - operational concerns can divert attention from strategic/competitive/entrepreneurial issues

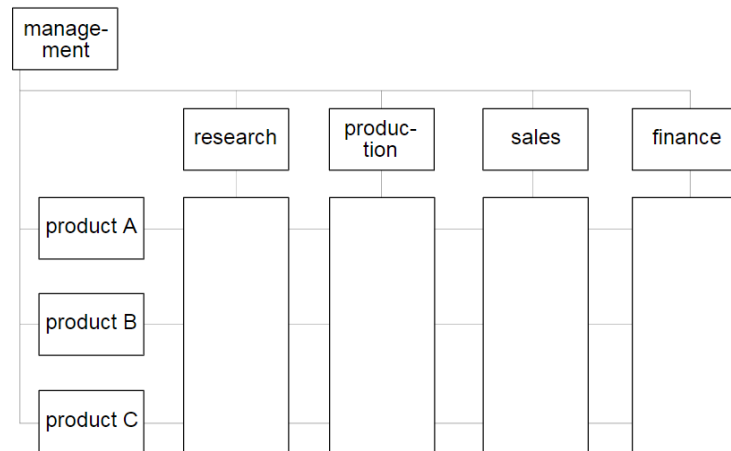
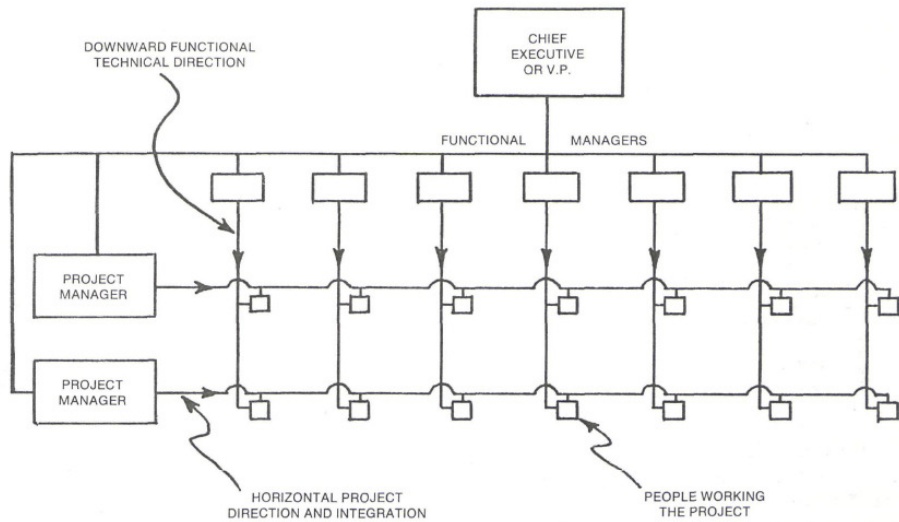
Organisational structures : M form



Multi-divisional form (also known as **M-form** or **MDF**) refers to an organizational structure by which the firm is separated into several semi autonomous units which are guided and controlled by (financial) targets from the center. Source : "Historical Development of Organizational Structure". Faculty.babson.edu.

Well suited for multi brand company. Example : L Brands

Organisational structures : Internal Matrix



Matrix management is an organizational structure in which some individuals report to more than one supervisor or leader, relationships described as solid line (= direct reporting) or dotted line reporting (= indirect reporting). More broadly, it may also describe the management of cross-functional, cross-business groups and other work models that do not maintain strict vertical business units or silos grouped by function and geography.

Organisational structures : Internal Matrix

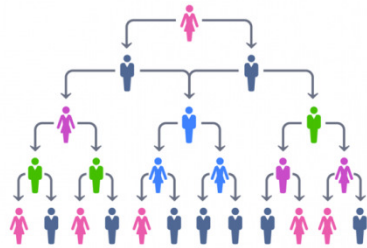
Solid-line reporting is a direct reporting relationship between a supervisor and a subordinate employee. The supervisor provides **primary guidance** to the employee, controls the major financial resources the employee relies on to perform his/her work, **conducts performance reviews** with the subordinate, and provides all other direct supervision.

Dotted-Line (indirect) reporting describes a relationship between an employee and a **secondary supervisor/leader** that provides **additional oversight and guidance** to the employee in the execution of his/her work. The intent of the dotted-line relationship is to ensure that the dotted-line supervisor/leader has the **authority to provide some level of influence** and leadership over the employee, including goal-setting.

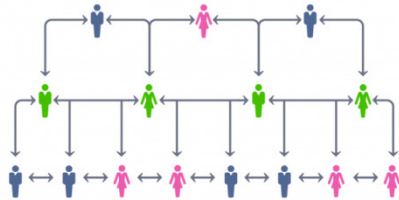
The dotted-line supervisor/leader will provide input regarding the employee's performance to the solid-line supervisor for inclusion in the employee's annual performance review.

The 5 Types of Organizational Structures

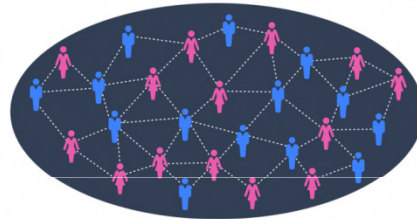
1. HIERARCHICAL ORGANIZATIONS



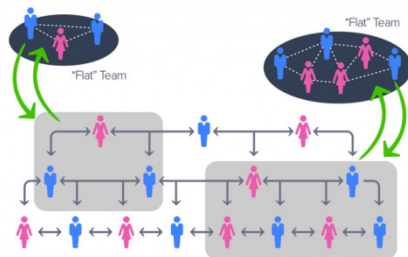
2. FLATTER ORGANIZATIONS



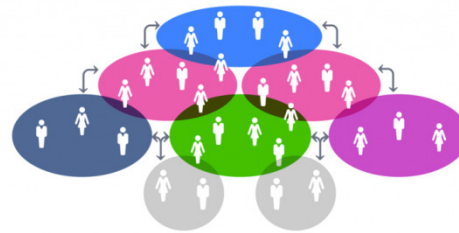
3. FLAT ORGANIZATIONS



4. FLATARCHIES



5. HOLACRATIC ORGANIZATION



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Organisational structures : Summary

Organisational structures : Summary

As new and young employees understanding the organization of the company may seem complex and useless.

It isn't ! The fastest you'll understand the rules of the game the better player you will be.

Mandatory reading : “The 5 Types Of Organizational Structures”, Jacob Morgan, July 2015, FORBES : <https://www.forbes.com/sites/jacobmorgan/2015/07/06/the-5-types-of-organizational-structures-part-1-the-hierarchy/#15c088b45252>

About next course

The next course is about business stakeholders and negotiation skills.

Please write a short text about a significant negotiation successfully carried by one of you favorite leaders.