

Management Consulting Article

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ORGANISATION STRUCTURING FOR BUSINESS SUCCESS

INTRODUCTION

Organisational structures have evolved since the 1800s, starting with the industrial revolution, when individuals were organised in groups to add parts to the manufacture of the products moving down the line of integration. Subsequently, the method with which tasks were executed by workers, so as to allow them to perform a single task most proficiently was established by Frederick Taylor's Scientific Management Theory, and in the 20th century, a radical organisational design in which each major team made its own cars was established by General Motors.

Today, organisational structures are still changing and rather rapidly with newer models like virtual organisations and other flexible hybrid structures. As companies continue to evolve and increase their global presence, future organisations are expected to potentially embody more fluid, free-forming systems with member ownership, and an entrepreneurial approach amongst its members.

As a trellis supports a vine, organisational structures support corporate growth. The right structure provides direction and order to a company's efforts, allowing goals to come to realization. People, their jobs, and their relationships find their rightful place in the scheme of the whole so that they may coordinate their efforts to achieve the greatest results. Also designing a successful organisational structure for your business involves analyzing the work that needs to be done and setting up a hierarchy that ensures work flows smoothly from one process to the next. An effective structure allows you to control business processes, assign accountability, enable rapid responses to opportunities and threats, deliver on promises, as well as empower employees to make decisions that allow the organisation to outwit the competition.

IMPORTANCE & BENEFITS OF ORGANISATIONAL STRUCTURING

Having a structure in place can help with efficiency and provide clarity for everyone at all levels as it



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defines each employee's job and how it fits within the overall system. It also ensures that departments can be more productive, as they are likely to be more focused on accuracy and speed, towards maximum performance. Simply put, the structure that an organisation chooses impacts its ability to effectively carry out its strategic objectives.

Upon commencement of operations of a business, it is typical for the owners and business drivers to focus on their core business of driving sales, and quite naturally, structural considerations, business design, and formal strategy development are often relegated to the back burner as they are seen as distractions. However, the 4 key operational business elements on which overall performance relies: People – experience, skills, and competence; Jobs – roles and responsibilities; Organisation - structure, processes, and operations by which the strategy is deployed, and; Leadership - individuals responsible for developing and deploying the strategy and monitoring results – are defined and guided by an organisation's structure.

An understanding of the interdependencies of these business elements and their ability to adapt to change quickly and strategically is essential for success, particularly in a fast-paced and volatile business environment, and this ability is best prescribed by an effective organisational structure. Other Benefits of an effective organisation structure are as follows:

1.	Improved Operating Efficiency	Given that organisational structures partition companies into various teams or divisions, they invariably help to ensure that all tasks and responsibilities specific to those divisions are met more easily. When an employee is clear on what he/she should be working on, they are able to operate quickly and more efficiently. In essence, an organised structure creates an efficient and streamlined system that helps improve company operations and productivity, overall.
2.	Eliminates Duplication of Work	When employees are divided into teams according to their skills and expertise in line with the team's expectations, the risk of overlapping job duties is reduced or totally eliminated. This helps to ensure focus and increase productivity, as everybody's task is nobody's task.
3.	Reduced Employee Conflict	Several factors can come into play with regard to employee conflict, however, once an employee knows their duties, the more focused they can be on their own tasks and the less likely conflicts will arise, for the most part.
4.	Better Communication	While this varies across organisations and depends on the specific structure in place, organisational hierarchy has the potential to foster healthy communication between different divisions and teams. Once duties are delegated to various teams and individuals, and the heads of these teams take responsibility for their resources, management is segmented into smaller more productive groups, which then pervades the entire organisation.

An organisation can choose to utilize one of the 4 most used structures;

- Functional: the most common, often utilized by small-to-medium-sized companies;
- Divisional or Multidivisional: aligned to products, services, or subsidiary operations;
- Matrix: considered the most confusing and is least used, and;
- Flatarchy: considered the structure of millennials, mostly used by startups with a high level of autonomy to employees and with the quickest time for implementation.

Given the apparent importance, the approach to enhance and most effectively structure organisations for increased productivity is a subject matter that has culminated in holistic fields of study. As a result, leaders should not make the choice lightly but rather contemplate a variety of aspects before determining which type of structure is most appropriate for their business, and these would include considerations such as specific business goals, the industry of operations, and the culture of the company and larger environment.



In conclusion, effective organisational structuring is essential for business success, through the identification of roles, clarity on hierarchy, speed of communication, accountability and increased productivity. It is however important to note that there is no one best structure, as it depends on the nature of the company, the industry it operates in, and the culture of the people within the wider operating environment.

Should you have questions on the above or require assistance in designing the optimal organisational structure for your business, please do not hesitate to send an enquiry to mc@pedabo.com.

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