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## Designing an Effective Organization Structure & Organizing in Teams

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### Learning Objectives

1. Explain the major decisions needed to design an organization structure
2. Define four major types of organization structures
3. Explain how a team differs from a group and describe the six most common forms of teams
4. Highlight the advantages and disadvantages of working in teams, and list the characteristics of effective teams
5. Review the five stages of team development, and explain why conflict can arise in team settings.

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## Designing an Effective Organization Structure

### Organization Structure

A framework that enables managers to divide responsibilities, ensure employee accountability, and distribute the decision-making authority

### Organization Chart

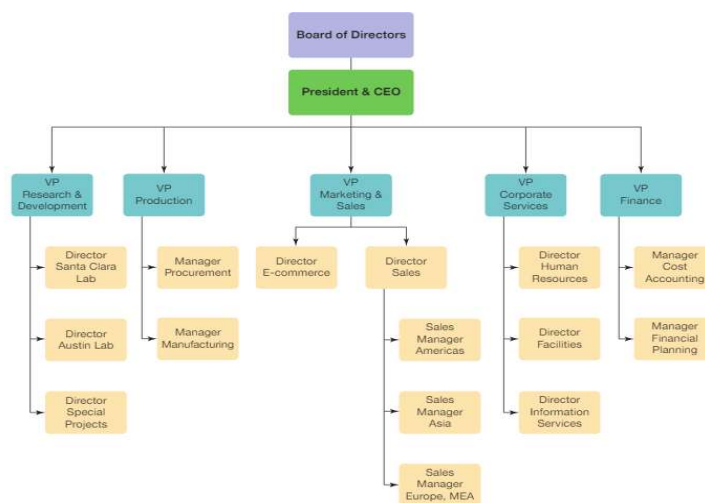
A diagram that shows how employees and tasks are grouped and where the lines of communication and authority flow

### Agile organization

A company whose structure, policies, and capabilities allow employees to respond quickly to customer needs and changes in the business environment

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## Simplified Organization Chart



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## Identifying Core Competencies

- **Core competencies**

Activities that a company considers central and vital to its business

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## Identifying Job Responsibilities

### **Work specialization**

- Specialization in or responsibility for some portion of an organization's overall work tasks
- Also called *division of labor*

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## Defining the Chain of Command

### Chain of command

A pathway for the flow of authority from one management level to the next

### Line organization

A chain of command system that establishes a clear line of authority flowing from the top down

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## Defining the Chain of Command

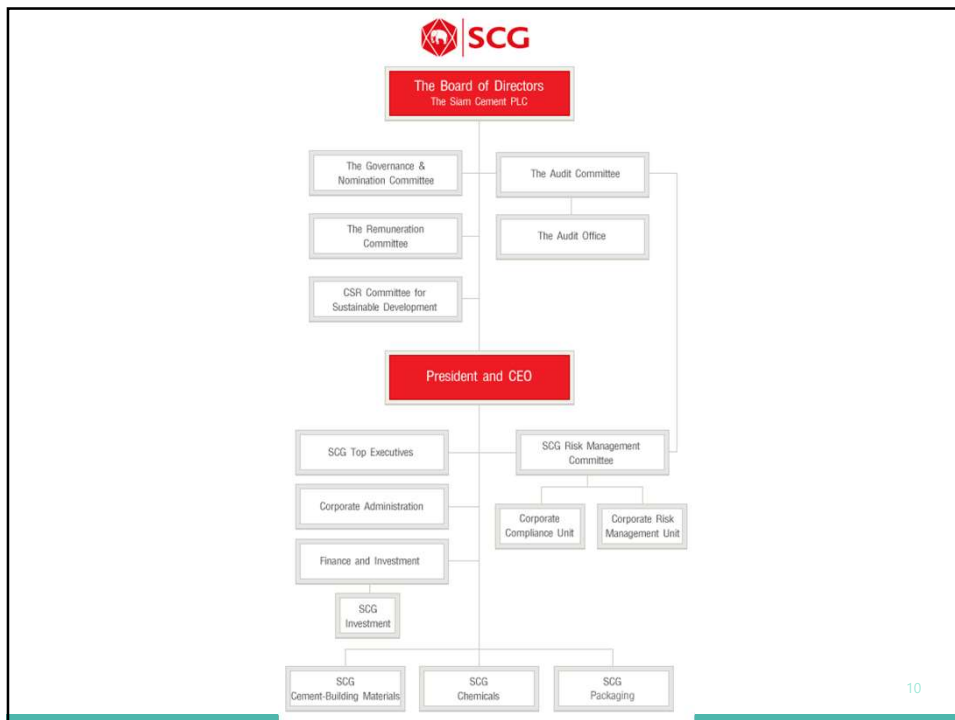
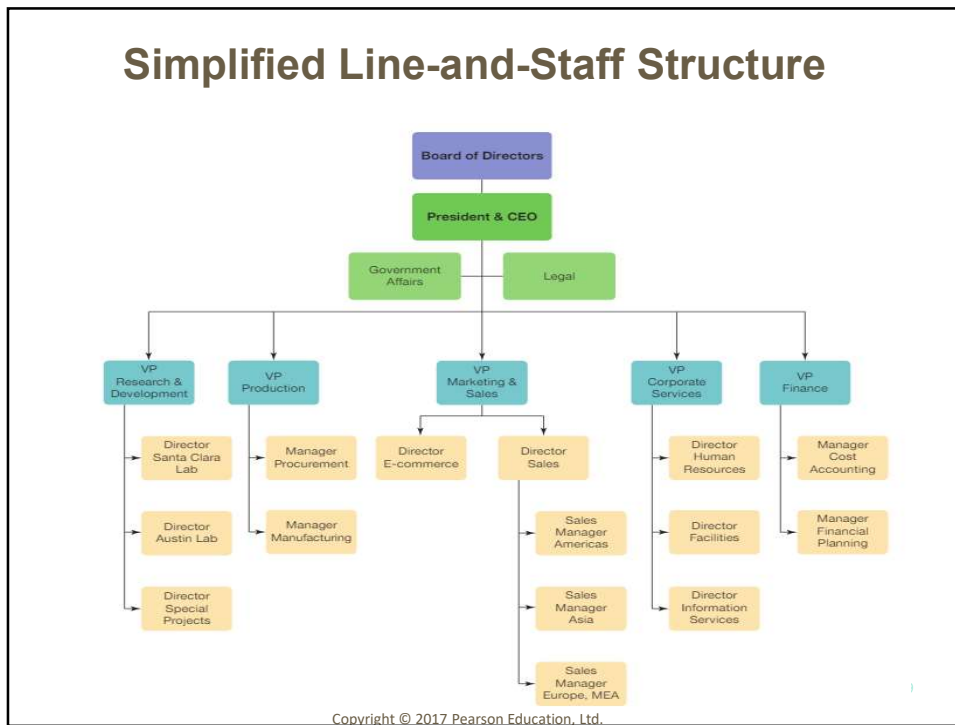
### Line-and-staff organization

An organization system that has a clear chain of command but that also includes functional groups of people who provide advice and specialized services

### Span of management

The number of people under one manager's control  
Also known as *span of control*

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## Centralization Versus Decentralization

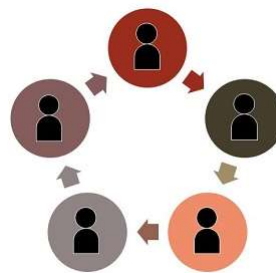
### Centralization

Concentration of decision-making authority at the top of an organization



### Decentralization

Delegation of decision-making authority to employees in lower-level positions

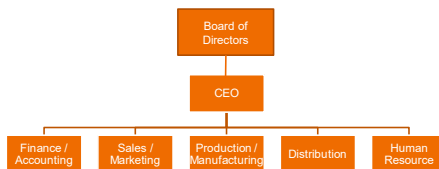


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## Organizing the Workforce

### Functional Structure

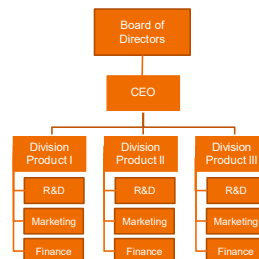
Grouping workers according to the similarity in their skills, resource use, and expertise



### Divisional Structure

Grouping departments according to similarities in product, process, customers, or geography

These divisions operate with great autonomy and are often called "business units".



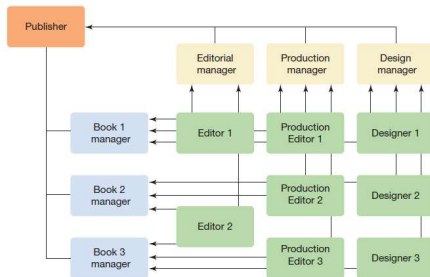
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## Organizing the Workforce (cont'd)

### Matrix Structure

A structure in which employees are assigned to both a functional group and a project team (thus using functional and divisional patterns simultaneously).

Allows the company to pool resources across divisions and functional groups.



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### Network Structure

A structure in which individual companies are connected electronically to perform selected tasks for a small headquarters organization.

Also called "virtual organization", a network organization can outsource engineering, marketing, research, accounting, production, distribution, or other functions.

The design of a network structure stems from decisions about core competencies, with executives deciding which functions to focus on internally and which to outsource.

## Organizing in Teams

### Team

A unit of two or more people who share a mission and collective responsibility as they work together to achieve a goal

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## Types in Teams

### Problem-solving team

- A team that meets to find ways of improving quality, efficiency, and the work environment

### Self-managed team

- A team in which members are responsible for an entire process or operation

### Functional team

- A team whose members come from a single functional department which is based on the organization's vertical structure

### Cross-functional team

- A team that draws together employees from different functional areas

### Virtual team

- A team that uses communication technology to bring together geographically distant employees to achieve goals

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## Cross-Functional Teams

### Task force

A team of people from several departments who are temporarily brought together to address a specific issue



### Committee

A team that may become a permanent part of the organization and is designed to deal with regularly recurring tasks

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## Advantages of Working on Teams

- Higher quality decisions
- Increased **diversity** of views
- Increased commitment to solutions and changes
- **Lower levels** of stress and destructive internal competition
- Improved **flexibility** and **responsiveness**

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## Disadvantages of Working on Teams

Inefficiency

Groupthink

Diminished individual  
motivation

Structural disruption

Excessive workloads

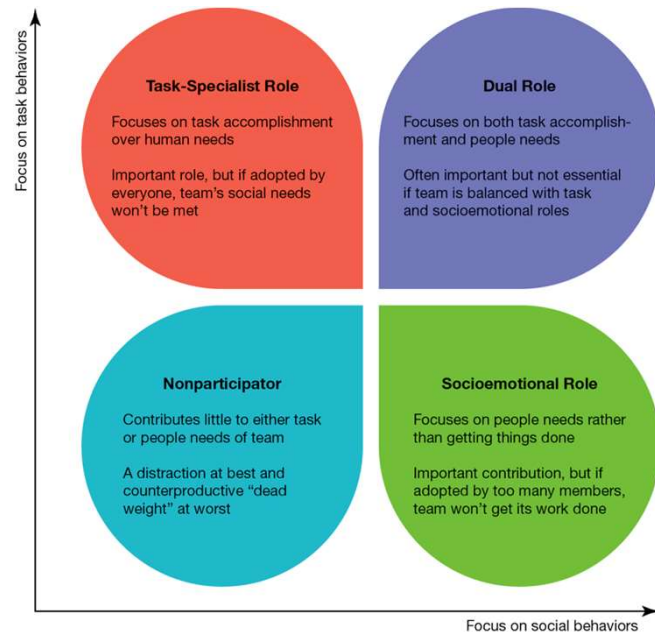
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## Characteristics of Effective Teams

- Clear sense of purpose
- Open and honest communication
- Creative thinking
- Accountability
- Focus
- Decision by consensus

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## Team Member Roles



## Characteristics of Effective Teams

### MAKE EFFECTIVE TEAMWORK A TOP MANAGEMENT PRIORITY

- Recognize and reward group performance where appropriate
- Provide ample training opportunities for employees to develop team skills

### SELECT TEAM MEMBERS WISELY

- Involve key stakeholders and decision makers
- Limit team size to the minimum number of people needed to achieve team goals
- Select members with a diversity of views
- Select creative thinkers

### BUILD A SENSE OF FAIRNESS IN DECISION MAKING

- Encourage debate and disagreement without fear of reprisal
- Allow members to communicate openly and honestly
- Consider all proposals
- Build consensus by allowing team members to examine, compare, and reconcile differences—but don't let a desire for 100 percent consensus bog the team down
- Avoid quick votes
- Keep everyone informed
- Present all the facts

### MANAGE CONFLICT CONSTRUCTIVELY

- Share leadership
- Encourage equal participation
- Discuss disagreements openly and calmly
- Focus on the issues, not the people
- Don't let minor disagreements boil over into major conflicts

### STAY ON TRACK

- Make sure everyone understands the team's purpose
- Communicate what is expected of team members
- Stay focused on the core assignment
- Develop and adhere to a schedule
- Develop rules and follow norms

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## Team Development



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## Team Development (cont.)

### Cohesiveness

A measure of how committed team members are to their team's goals

### Norms

Informal standards of conduct that guide team behavior

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## The Monkey Experiment



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## Team Conflict

### Constructive conflict

Brings important issues into the open, increases the involvement of team members, and generates creative ideas for solving a problem

### Destructive conflict

Diverts energy from more important issues, destroys the morale of teams or individual team members, or polarizes or divides the team

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## Solutions to Team Conflict



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