

Organizational structure and decision-making hierarchy

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Considering the size and nature of business, it would be best for Alex and Pat to adopt an informal organizational structure in their coffee shop. The reason for suggesting an informal organizational structure is the fact that the managing and running the coffee shop demands flexibility and immediate responses from the employees. Firstly, there are only 4 employees to start with out of which 2 are the owners. Add to this the fact, that the business is a start up, which means that the exact working procedure and demand is still theoretical. Therefore, initially the goal is to get the job done in the best possible way. A formal structure would limit the abilities of employees to make immediate decisions. Apart from the owners, the two part-time employees also need to be in a position to make decisions as and when required. Since the business is consumer oriented, delays may be having a negative impact on the company. Also the two owners still do not have well defined roles and responsibilities, hence its does not support a formal organizational structure. Therefore, it is best to have an informal organizational structure to start with.

Alex and Pat must adopt a vertical decision making hierarchy in their coffee shop. The part-time employees will still have the ability to make immediate decisions at the basic level. The top most authority with respect to strategy must be Alex because he spends more time in the shop. This means that he will have better knowledge about ground realities than Pat does and also will not have any extra responsibilities. Pat on the other hand also works at the advertising firm and has extra tasks and responsibilities to fulfil. Therefore,

the two part-time employees will report to Alex. Even though Pat will play an equal role in strategy making the final say will remain with Alex as he is better equipped to make the decisions. This situation can remain until Pat is able to dedicate his full time to the coffee shop.