

Cat's organizational structure

[Business](#), [Organization](#)



Caterpillar's Organizational Structure Caterpillar is a corporation that designs, manufactures and sells diesel and natural gas engines, construction, and mining equipment. Since the year 1905 Caterpillar has been a corporation that has evolved by making significant improvements to its machinery by taking advantage of the available technology, and it has had the ability to adapt to the dynamic changes and demands of the construction industry. Many significant events have occurred in this business to make this company what it is nowadays, a very prestigious and successful company around the world.

In the year 1906 in San Francisco California, when one of the most significant earthquakes took place, the company made a remarkable use of its machinery by helping with the clean-up of such disaster. Soon enough the company made a contribution to Europe, years before War World I started, 1200 tractors were shipped to England, France, and Russia for agricultural purposes; however, these governments sent those tractors to the frontline and put them to work halting artillery and supplies.

Consequently they served as an inspiration for the British government to invent the tank, for they borrowed the track laying principle to provide the tank with its form of locomotion. Caterpillar has become the number one company in its industry with more than \$70 billion in assets; these important achievements could have only been accomplished with a well-defined and functional organizational structure. Legal Form of Organization Caterpillar is an organization that has the legal form of a corporation with more than \$ 70 billion in assets. The main shareholders of the corporation are Vanguard group Inc. State Street Global Advisors Ltd. , and Fidelity Management and

Research Company with 30, 863, 961, 16, 637, 962, and 12, 216, 827 shares held respectively. Key activities of organization Every year as many other corporations, Caterpillar does a deeply study of the actual situation of the company, and set its goals and strategies to maintain the corporation afloat and to improve their competence in the market. 1. The company's expectations for the year 2020 are to be recognized as a leader around the globe, also it is very important for the company that their products help their customers succeed in their business such as construction, agriculture, and mining. They are very focused in making their distribution system a competitive advantage to the company, the business' financial performance to reward consistently their stockholders, and their personnel to live their set of values which are integrity, excellence, teamwork, and commitment. These objectives are vital for the company to succeed and keep being the leaders of the industry. 2. The SWOT indicated the areas that might endanger the company's situation : i. Weaknesses: The increasing debt of the company: Caterpillar Inc. is rated second in total debt among competitors.

The total debt of the industry is about \$ 123. 53 billion. (See Figure 1) Caterpillar represents about 29% of the total debt with \$ 35. 96 billion. Fig. 1. Caterpillar Total Debt, company's debt consists of 29. 11 % of total debt of industry. Macroaxis Inc. Total Debt Breakdown for Caterpillar, 2012. . ii. Threats: * Intense competitive pressures: Caterpillar shares the market with many other companies, and it faces a tough competition to maintain their leading position. Deere and Co, Komatsu Ltd, Kubota Corporation are a few companies in the industry. Environmental regulations: Mining operations dependent upon material prices and political stability. * Foreign exchange

and interest rate fluctuations 3. Values are really important issue in every company; without them the daily operations of the company could become a weakness, and advantage for competitors. As Caterpillar's code of conduct mentions, the main focus in this area is shown in the following chart (see fig. 2). Fig. 2. Caterpillar Inc. Values' Chart Patterns of Departmentation Caterpillar if organized by a corporate governance structure with the

Chairman of the board executing the Role of Chief Executive Officer (CEO). A completely independent Board of Directors conformed by members outside the company (non-employees). The CEO oversees five group presidents. These groups of presidents supervise twenty-five vice presidents who are in control facilities, geographical regions, marketing regions and four service centers (see fig. 3). Fig. 3. Caterpillar's Organizational structure. The Official Board. Orgeanizational Chart Caterpillar, April 3, 2012. .

As we can see in the table, the corporation does not rely heavily in management levels; instead the chain of command is not very tall; which makes very dynamic the flowing of ideas and orders from Directors to line and production managers. This decentralized structure that took place in the early 1900's was a key strategy to get closer to customers and satisfy more efficiently to their needs. The actual structure of the company is a clear insicator of how the company evolves constantly with the industry; the leadership understand the importance of being constantly involved with the employees at all levels.

In the year 2004, the back then vice president of the company Christioano V Schena; shared an interesting story that demonstrated the effectiveness and results that good management can do for the Company. Christiano was sent <https://assignbuster.com/cats-organizational-structure/>

to Caterpillar inc in Braxil as general manager of the company to deal with many problems the company was facing at that moment. In 1996, a big percentage of the products manufactured at that facility, were missing parts resulting in missed shipping deadlines; making the customers many unhappy with the service.

As a result the company was not only loosing sales, but was inefficient sfixing all the problems this eniciency created and wmployees were working overtime and air- shipping parts to complete the products. Christiano understood that the main problem was that employees had no sense of direction and were not motivated enough; they did not feel any connection with previous leaders which kept them in the shadow of the main mission of the company. He soon began to think and put in practice strategies to change this situation.

He started by learning the local language, dor he understood there could not be a sentation of connection between leaders and subordinates in they can't even speak the same language. He also learned the regionalcultureand realized thatsoccerwas an important item in their lives. He started to compare the startegies and goals on the company with the strategies and goals of soccer. As the company started to improve and deliver in a much better manner, he was able to get all employees involved in the current performance and actual situation of the company.

Employees were very motivated of belonging to a winning team and therefore performed better. He believed when employees are accountable for something, and they are given the tools they need to deliver on those accountabilities, they will do it better. As a result of this strategic planning

process, the employees transformed the business to such a level that in the year 1999 they received the Operational Excellence certification award, and the Premio Nacional Da Qualidade which is the Brazil's equivalent of the U.

S. Malcom Baldrige Award. Through this process Chistano also was able to recognize that the poor economical situation of the community surrounding the company was a factor that threatened the success of the company. The crime and low educational level of the area were a factor that limited the growth of the company. The team soon developed a strategy that involved in the effort of other entrepreneurs, CEOs and media leaders, to help the city in order to attract talented people there. Team

Caterpillar is a global company that keeps constantly expanding across many countries. The company operates hundreds of offices and facilities around the world and has more than 100, 000 employees. Teamwork is a must, and there are technicians and engineers working in research, testing and development of new technology for the company in various countries. China, The Philippines, Singapore, and England are just a few of the countries where this company is conducting business in the present.

With all these different facilities being located at different places, becomes very difficult to maintain the traditional face to face working environment; therefore, they rely heavily in technology to communicate ideas and coordinate operations from distance. Virtual teams are a must since engineers working at different time zones and places have to communicate their problems, ideas, and projects to achieve their respective task. In figure 4, we can see all the locations that at the present are being operated by the company. Fig. 4. Caterpillar currently operation worldwide. Worldwide

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locations, Caterpillar Inc. 012. . Impact of information revolution As a technological company Caterpillar has an advantage over other companies that are not technological based. To keep the constant growth of the company, Caterpillar invests a great amount of capital in the research and development of new and better equipment and technology. Some of the current research projects of the company include ACERT technology in their engines which not only reduces emissions but also does it without affecting performance, reliability, and fuel efficiency.

Mining technology and autonomous robotics are also being incorporated to this important step towards the future. All these purposes cannot be accomplished without proper training of their personnel. There are many programs that caterpillar is financing to train their employees and future employees as well. The company is really focused in training its personnel to increase their technical abilities and competence in the market. These programs are created for college graduates and could be applied in different areas of study.

At the moment the company prefers aspirants with Bachelor's degrees in Supply Chain Management, Industrial Distribution Management, Business Management, and Engineering. Some of these capacitation programs include: * Leadership and Technical Development Program. * Information Technology Development Program. * Human Resources Professional Development Program. * Logistics Professional Development Program.

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