

Two types of organisation structures, essay sample

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



There are two types of organisation structures, flat and hierarchal. Flat structure's chain of command is short by having lots of people report to one managing director. On the other hand the span of control is wide. A business with this type of structure is Nike. A flat structure is also known as a matrix structure. A hierarchal structure's chain of command is long. This is because fewer people are reporting to the managing director. While the span of control is narrow. A type of business that uses this is Tesco. Business Support: Each function in Tesco has a finance team headed by a Finance Director, to drive financial control across the business. Each team's role covers all aspects of financial analysis – such as investment appraisals, cost benefit analysis, developing targets and monitoring performance. Financial Reporting: This team provides management information to measure and monitor the business, either in the form of our corporate steering wheel (or balanced score card), five-year plans, operating budgets, forecasts or our weekly/monthly financial results. Treasury Management: This department is responsible for funding, cash management, group structuring, managing financial risks and purchasing financial services.

The aim is to minimise the cost of funding the business through providing the highest level of financial expertise. Opportunities exist for travel, too, working with Tesco operations in other countries and our Treasury Centre in Hong Kong. Audit: Audit in Tesco is an independent, objective assurance and consulting activity designed to add value and improve Group operations. It helps the Group achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance. Taxation: A business like Tesco has to pay tax in all

sorts of ways in many different countries. The taxation team makes sure we comply with all these national tax and import/export duty rules, while advising the business to ensure that we operate tax-efficiently. Flat Organization In a flat or matrix organization, employees report to project or product teams led by a product manager as well as to the department manager. With Nike, each brand has a department, and each department makes decisions independent of the CEO. Each department also has sub departments or project teams responsible for handling minitasks within each department. Roles

At Nike and in other flat or matrix organizations, the product team and product managers make decisions regarding product specifications and production. Department managers focus primarily on policy-related issues.

Best Practice

Global competition requires companies like Nike to react quickly to marketplace dynamics. In flat organizations, production teams led by product managers can make decisions and react much more quickly than the traditional department head, which is often removed from the production line.