

Example of essay on organizational structure: a case of modern shed company

[Business](#), [Company](#)



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Response to question 1

Ryan knew that business is dynamic. In one month the sales can be high and in another it can be very low and so the elasticity of start-up business like Modern Shed required that he gets into partnerships with different people instead of a team of permanent employees. At the moment Ryan states that his company has about 14 employees in construction, office work and sales in the Seattle headquarter. 12 sales representatives and 37 dealers do business for Modern Shed in other parts of the US (Ryan Smith). This shows that Ryan has adopted an organizational structure that is based on free-flowing partnerships rather than a tall vertical hierarchical structure.

Ryan Smith decided that his company needed a structure based on free-flowing partnerships because that way it would be insulated from what is going on in the general market place (Scott-Modern Shed). The company also stands to benefit from the expertise of all industry players. Besides Modern Shed's products, the dealers also handle other products in the construction industry such as fabricators who bring with them experiences and expertise vital to the growth of Modern Shed. A case in point is one of the partners, Eric Johnson, the company's fabricator who is a panelization

expert. Modern Shed benefits by having an expert who is a 3rd party meaning he has lesser demands to make to the company, operates off site from Modern Shed premises and also as non-conflicting financial interests with Modern Shed (Scott-Modern Shed).

Ryan Smith also discovered that partnering with construction industry experts, gives him an edge in the market. The dealers with whom he has partnered also represent other products that are complementary to what Modern Shed is offering. As such his company stands to gain increased sales through complementary purchases from clients. He also discovered that he has less time and financial obligations to the partners (dealers and sales representatives) with whom he organizes conference calls once per month on new products promotions, pricing, new opportunities in the market among other issues (Scott-Modern Shed). As such, he has more time to work on the more important issues about growing the company. This affords him more time and the ability to come up with new products that are required in the market. As such, Ryan was well informed on why he should go for free-flowing partnerships rather than the vertical hierarchical structure. Response to Question 2

Advantages of modern shed's organizational structure include the ability to benefit from the expertise of industry players. Modern Shed had the opportunity to select those he deemed to be the best in the construction industry and benefit from their expertise. Secondly, it saved him the hustle and time spent of following up and supervising the employees. He had more time to work on new products and improve the business side of his company. Thirdly, the organizational structure saved him a lot of finances. Employees

in the ordinary hierarchical structure require trainings, higher salaries and increments that may not be commensurate with the business's profitability. Partnering with other people and companies, gives the company flexibility in terms of expenditure since the expenditure will follow the profitability of the business. Fourthly, partnering with dealers who sell complementary products to one's business actually boosts the sales.

There are several disadvantages to adopting an organizational structure that is based on free-flowing partnerships. The first is lack of company secrecy. This is so because when a business partners with many different industry players and dealers who are into other products, the secrets of the company in terms of products and sales strategies are prone to be much more open to the public. Secondly, there is reduced loyalty in partnerships which may threaten the survival of a company. Since the company has less hold and supervision on the dealers and sales representatives (as evidenced by the monthly conference calls by Modern Shed's management) there may be reduced level of commitment, teamwork and general sense of belonging. This can adversely affect a business. Thirdly, and in line with the first two disadvantages is that the partnering with many different and autonomous partners opens up of a company such as Modern Shed to competition from partners who may want to start similar businesses.

Response to Question 3

It is apparent that Modern Shed is growing at a rapid and sustainable pace and the free-flowing partnership structure it adopted, is working in its favor. A good example of how Modern Shed's structure enables fast response to

rapidly changing market opportunities is the response they had to a client who enquired whether Modern Shed could develop a new product line. Ryan was approached by a nationally recognized home and gardening expert who wanted Modern Shed to develop an entirely new product line in about 6 weeks. The client wanted the product developed and taken to his site for filming. Ryan was able to gather up his team and develop a new product and take it to the client for filming within 8 weeks! Ryan managed to do this because the organizational structure he had in place allowed him the ability to drop everything he was doing, focus on new product development, get the team to focus on it and come up with a quality product within a limited time frame.

Ryan's company had adapted over the years of its existence on how to handle and respond rapidly to market opportunities. The organizational structure where partners have much autonomy and time for themselves also allows the central management more time to respond to market opportunities. Ryan and his team can have more time to participate in trade shows and do more sales presentations thereby interacting with more industry player and getting new ideas on how to respond to market opportunities such as the one availed by the home and gardening company. In a more rigid organizational structure such as the traditional vertical hierarchical structure, a lot of time and effort is taken up by consultations and decision-making thereby limiting a company's ability to respond favorably to market opportunities that need speedy solutions.

Works Cited

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