

Dynacorp case analysis essay



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The Dyna Corporation (Dynacorp) operates global information and communication systems. Dynacorp became the industry leader in 1960's and 1970's by producing the technological innovations. Dynacorp was known as a company whose products were innovative and high-quality. That's why, Dynacorp grew rapidly and spreaded to international markets in that period. In 1990's, the industry and market changed, Dynacorp couldn't recognize the changes in the market and handle the high-costs.

Dynacorp's competitors closed the technology gap, even they were faster and more innovative than Dynacorp about new markets and products.

Dynacorp lost the leadership of the industry. The CEO and some executives believed that the main problem was Dynacorp's organizational structure.

Dynacorp was designed as a functional organization since it was founded.

There were three line divisions: engineering (organized by technical area), manufacturing (organized by location) and marketing (organized by geography). The CEO assigned an small internal task force.

The task force determined a lot of problems in Dynacorp and looked for what was causing them and on how to fix them. The task force interviewed all divisions. The all divisions were aware of the problems but they was blaming continuously each other. The task force focused on eventually the alternative organizational structures. The task force introduced five organizational models to The CEO: product division structure, customer division structure, functional/product matrix, front/back and functional structure with stronger linking mechanism.

Even if it has some weakness, comparing with the other alternatives, the product division structure is the best model for Dynacorp. Dynacorp has three problems; high cost, slow pace of getting new products to market and the need to generate value-added services for customers made the company vulnerable. Because the product division structure creates the transparency of performance, costs and profits of each product is clearer than the functional structure.

Each division performance will be monitored closely and the costs or profits of each product will be clear for the Dynacorp management. Thus, with the product division structure, Dynacorp can control and reduce the high costs. In addition, product division structure provides the managers the clear strategic focus. Thus, the managers can know how to manage and direct their employees to the company's goals. When the managers has the clear strategic focus and manage their employees in line this focus, Dynacorp can meet the value-added demands of customers.

On the other hand, one of the reason of these problems is that the divisions don't understand each other. At the product division structure, the people in the group perform a variety of different task such as engineering, manufacturing, and marketing. Because the people who have different background work together and understand each other, they will focus on a product process instead of division's benefits. Therefore, each division will generate the new products based on the customer needs in time and in the properly way.

Although the product division structure may cause some new troubles, the Dynacorp top managers can handle them. Because some of managers employees want to maintain the current structure, they can resist the new structure. Also, the functional experts spreaded across different groups and divisions can lose their professional abilities. Because they will work with the people having different professional background, they may trouble to conform the new situation.