

# Conocophillips organizational structure essay sample

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



## - Introduction

Operating in the energy segment since 1875, ConocoPhillips is a company that appeared from a merger of Conoco Inc. and Phillips Petroleum Company, which occurred in August 2002. Nowadays, the American company is among the fifth worldwide largest energy corporations and in top six as a “supermajor vertically integrated oil companies” (ConocoPhillips official website).

## - ConocoPhillips Organizational Structure Compared to other Organizational Structures

Discussing about the company’s organizational structure, Daft, Kendrick and Vershinina observe that ConocoPhillips integrates a flexible structure, handling complex areas of business through a diversified and sophisticated technology (2010).

ConocoPhillips is structured on the functional organizational design, which is characterized by departments, grouped on specialized activities, aiming to reach the common goals of the organization from the bottom to the top, according to Daft, Murphy and Willmott (2010).

## **Extracted from the company’s corporate website, ConocoPhillips organizational structure has the following component:**

The company is led by Ryan Lance, which is the Chairman and the Chief Executive Officer. The following positions are occupied by the Executive Team: Matt Fox (Executive Vice President Exploration and Production), Al Hirshberg (Executive Vice President Technology and Projects), Jeff Sheets (Executive Vice President Finance, and Chief Financial Officer) and Don

Walette (Executive Vice President Commercial, Business Development and Planning). Janet Lagford Kelly is the Senior Vice President Legal, General Counsel and Corporate Secretary, Andrew Lundquist is the Senior Vice President Governments Affair, Ellen DeSanctis is the Vice President Investor Relations and Communications and Sheila Feldman is the Vice President Human Resources. All of them are being coordinated by the CEO - Ryan Lance.

Because all the employees are grouped in different departments, specific to their job functions, the entire knowledge and skills required for certain activities are integrated and consolidated and it provides valuable in - depth expertise for the company, in various areas. This type of organization is specific and highly efficient for organizations that meet their goals on a vertical hierarchy, but less effective when it comes to horizontal coordination according to Daft et al. (2010).

Compared to ConocoPhillips organizational design, the divisional organizational structure operates as a corporation that has various company divisions that activate as independent businesses, under the umbrella of a broad company (Gaspar, 2006). Daft et al. (2010) consider that this organizational structure facilitates the operations within divisions specialized on individual products, services or profit centers.

Therefore, compared to the divisional organizational structure, which defines the division - companies that operate individually, ConocoPhillips is focused on job functions and everybody from the organization follows the company's goals and contributes from the bottom to the top to reaching the set goals, on different hierarchical levels and different activities.

In a matrix organizational structure, the employees report to various managers, as they are structured in team projects, led by project managers. There are two reporting relationships for the employees working in a matrix organizational structure: with the project manager of the project in which they are involved and with their regular manager, different for each specific job (Gaspar, 2006).

ConocoPhillips organizational structure differs from this perspective because regularly the employees report to their manager, as they are working in consolidated departments and not in mixed team projects.

- Organizational Functions Influence and Determine Organizational Structure

The main goal of ConocoPhillips is the exploration and production and this is also its core - business. Therefore, being the main department of this organization and in the top of the organizational chart shows the company's interest and its intention of being associated with the exploration service.

Technology is also in the top interest of the company, as the innovations and the new approaches on business on this segment are highly significant for the efficiency of the company. Finances and Business Development are also functions of high interest, which determine the company's consideration about growing its business, while maintaining its leadership position in the energy sector, through good financing integrated within its business growth plans.

On a secondary level, Legal, Government Affairs, Investor Relations & Communications and Human Resources complete the organizational chart of the company. These seem to play a support role for the stated main areas of interest. Nonetheless, their role is defining for the company, as they

contribute to actually organizing the ConocoPhillips activities and operations. Public Relations (Investor Relations and Communications) promote the company's culture within the company and worldwide, putting it on the map of the leaders in the energy sector. The Human Resources is a key element that helps fulfilling the company's plan of finding the needed talents or keeping the already existent ones linked and loyal to the company's organizational culture. There are top technical positions that are focused on production, exploration or technology and the task of the HR and Communications department is to create the proper working environment for them. Finances is a sector that integrates maps all the other divisions and departments of the company, proposing the areas of interest in the company that help to increase the company's business, making it profitable. Business Development, Legal and Government Affairs also contribute to making the company a top energy provider and design its corporate structure.

#### - Organizational Design Determining the Best Suited Structure

A starting point for establishing how organizational design contributes to determining the best suited structure for ConocoPhillips is to know that " a firm's strategy helps determine its organizational design" (Burton, Obel & DeSanctis, 2011, p. 23). in ConocoPhillips' case , this implies that the strategy of the company follows its purpose, its goal, of exploring, producing or transporting the crude oil, and being known as one of the leaders of the energy market, because of its services, focused on production and technology (ConocoPhillips, official website).

Therefore, the functional organizational design of this company (departmentalization) pursues the organization's strategy of promoting its

mission and its goal vertically, and its departments contribute to the success of the company, through their specific activities. Having as its main activity sectors the exploration and production the departments Exploration & Production and the Technology are present on top of ConocoPhillips organizational structure.

The company's vision and objective is "to become the E&P company of choice for all stakeholders." (ConocoPhillips, Annual Report 2012). Therefore, the company is pursuing an ongoing process of transforming its exploration and production services, while following the principles of its SPIRIT values (safety, people, integrity, responsibility, innovation, team) (ConocoPhillips official website) and defining its organizational structure by positioning these key departments on the top interest of the company.

- Conclusion

The functional organizational structure best suits ConocoPhillips company, because of its business style and its specific activities, oriented towards exploration and production. Each department has specialists and experts that offer an in - depth expertise on each specific segment of activity. This contributes to aligning the objectives reached by each department with the general goal of the company. The structure of the company defines the organization on functions and the functions define the business strategy of Conoco Phillips.

## References

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