

# Organisational structure



Two confronting cultures

### 5. 1 Organisational structure

The organisational structure of a company reflects its culture, its management style and its leader attitude in addition to the environment in which it has to operate. Without giving a full description of the two airlines structure it is worth saying that British Airways and Virgin Airlines mainly differ in two aspects: size and culture. Both companies have a structure which is mostly dictated by operational needs characteristic to every airline.

British Airways has a more formalised structure with precise rules and procedures, due to its size and the global scope of its activity. A major change in the last years has been the reduction of its management layers, between the chief executive and the front line who interface with customers, from nine to five. It now has small ad hoc groups working in parallel with the formal structure, with responsibilities that cut across different functions, or in some case duplicated these functions. Virgin Atlantic is a more cost conscious, lean and mean organisation.

It has a small, networked and dynamic structure. It relies more on personal initiatives, helped in this by its small scale and its leader's management style. Virgin in fact is one of the best delegated companies.

### 5. 2 Corporate culture

The organisational culture consists of the deep basic assumptions, beliefs, values and norms which are shared by members of an organisation, arise from the organisation's history and tradition and are modified by contemporary events. It can more simply synthesised as the assumptions about " how people do things around here".

The culture of an organisation is fundamental because the mission, the strategies and the way they will be accomplished will spread from this core of key assumptions, how it is managed and how effectively it is communicated and shared throughout the organisation. The culture will be affected from and will affect leadership and the style of management and will play a major role in customer satisfaction especially in the service industry where the absence of physical evidences must be replaced by a strong culture.

Corporate culture can be described as a self sustaining system by McKinsey 7S's model which includes Staff, Skills, Style, Shared Values, Systems and Structure, all mobilised by an overall Strategy. Those who would evolve a culture that can pursue an effective strategy must: hire the right Staff (service oriented), train them in the right Skills (emotional labour), manage them in the Style required (trust, empowerment), select values to Share with them (customers first), install the right Systems (performance appraisal), improve the Structure (less hierarchy, more cross-functional teams).

Where all these six points on the hexagon have been dealt with they can help mobilise a coherent strategy (see Illustration 5. 1). In BA and Virgin Atlantic marketing fuses with the highly visible corporate culture experienced by passengers. The culture is really what customers buy. It is a larger pattern in which the physical features, such as seating and food, are embedded. Product innovations can be rapidly imitated but the culture cannot be easily copied. It has to be built up an