

Acme and omega case study

Business



Using the mechanistic and organic structure arguments develop in Chapter 2, compare and contrast the management styles at Acme and Omega. Acme's managerial style consists of a mechanistic structure, while Omega's managerial style is based on an organic structure. Acme's vertical differentiation, which consists of four levels of control, constitutes the dispersion of authority between the organizational hierarchy levels and gears to give the organization more control over TTS projects and activities.

Acme is highly centralized, managers of the top of the research have all the power to make most of the decisions for the company, and subordinates are expected to follow orders.

Although, I think that Acme has established a high level of standardization and formalization, they experienced difficulty abiding to their own rules. Employees at Acme exercise individual specialization, where employees specialize in one specific area and work individually. On the other hand, Omega is a decentralized organization, they appointed new president in that post. Here managers and subordinates delegate important decisions about new organizational projects. Omega's management believes in mutual adjustment, which is the practice of using Judgment on problem solving and also creates an informal way of communicating with each other rather than using standardization or written rules.

Joint specialization at Omega gives their employees and opportunity to work in teams and balance their actions to find the most effective and efficient way of accomplishing an assignment.

Omega's organic structure gives the employees more flexibility to innovative thinking, and creates a unity within the organization, where managers and employees share their knowledge and skills to achieve optimal performance.

3 ... Which firm should have won the final contract - Acme or Omega?

Discuss.

The paradoxical twins describes two organizations, Acme and Omega Electronics that are competing for the same contract for manufacturing a memory unit to be used in a photocopier. Omega, having an organic structure, wins the race because they are able to produce higher quality memory unit.

On the other hand, Acme having mechanistic structure seems less competent and less reliable because of its low quality memory unit which they are unable to produce in time and some of its prototypes fail to work. Omega even corrects a design error in the original blueprint, Inch improves product quality. But, both the company is given half the order, and they were encouraged to find the way to reduce the cost and Acme takes advantage of this opportunity to experiment to find ways to reduce its costs, whereas Omega does not. Finally Acme discovers the way to reduce the cost by 20% and they own the contract.

Omega may have won the battle, but Acme has won the war because its mechanistic structure fosters a concern for technical efficiency and cost reduction in Nat is a routine manufacturing environment. In this particular case, Acme decides to run a "tight ship" (mechanistic structure) in order to increase productivity and efficiency, and to decrease costs. The advantage of

this strategy is that they can undersell their competition (Omega) by selling at a lower cost. Omega, on the other hand, is nearly too opposite. They run a more organic structure, which relies heavily upon communication, delegation and teamwork.

This strategy allows Omega to effectively compete with Acme by stressing reliability and by placing emphasis on quality. Omega's decentralized, organic approach allowed for the building of retypes 10 days faster than Acme, correction of errors, and a highly reliable prototype? much more reliable than Acme's, which had a 10 percent failure rate. Omega was more effective when evaluated by these criteria, although Acme's prices were lower than Omega's because of that Acme won the competition and which was fair result in my opinion.

Its mechanistic structure provided it with the management system and incentives needed to improve and reduce its manufacturing process, so that Acme won the final race over Omega. 4..

.. What changes would you recommend to Acme and Omega if they are to survive in the future in this increasingly competitive industry? Wish to modify their organizational design. I think that in order for these two companies to survive they need to have a combination of organic and mechanistic structure.

Once they do this change they will create a better organizational culture, which is the set of shared values and norms that controls organizational member's interactions with each other. Although, Omega's employees are working together, I think they have too much freedom.

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Therefore, I think that Omega's management needs to be more formalize. Acme's management are highest pressure, they don't eve enough flexibility to their employees. This is affecting Acme because there are missing some of the new ideas that their employees may have, and they are also forcing their workers to do the work which the top management as instructed.

A combination of organic and mechanistic structure would give them better control and coordination of their employees and it will also motivate them and inspire a better behavior. Another recommendation for Acme Corporation would be to balance differentiation and integration For these two companies to survive and be successful recommend that if they are going to combine organic and mechanistic structures hen they should have a balance between centralization and decentralization.

I think that all decision making shouldn't be left entirely to employees or to management, rather it should be in between. Finally, these two companies should have a mixture of standardization and mutual understanding. Sometimes having too much of each may create an problem in corporate culture, therefore I would recommend to use a combination. Management needs pay close attention to make sure that their organizational design fits with the corporate culture and the organizational environment that they are trying to create.