

Tim hortons' organizational structure essay



It is hard to find a resident in Canada who would not know where to find a Tim Horton's fast food restaurant. Tourists visiting Canada who don't have a Tim Horton's in their country visit this restaurant and become familiar with the valued beverages and specialty dishes that so many Canadians rave about. When Tim Horton's first opened the mission statement was written as: " Top quality, always fresh products, value, great service and community leadership has allowed it to grow into the largest quick service restaurant chain in Canada specializing in always fresh coffee, baked goods and homestyle lunches. (The Story of Tim Horton's, par. 1)

By following this mission statement, Tim Horton's was found to be the most successful marketing company in Canada. From the insightful research found, our group has chosen to research Tim Horton's organization and its structure to learn how it reached such great success in such a short period of time. Tim Horton's History Tim Horton was a Canadian hockey player who opened his own doughnut shop in Hamilton, Ontario in 1964. The initial menu included a few specialties dishes from his culinary ideas and over the years Tim Horton's menu has grown immensely.

In 1967, Ron Joyce became full partners with Tim Horton; when Tim Horton died Ron took over all of the existing Tim Horton's restaurants found across Canada. When first opened, Tim Horton's chain offered only two products- coffee and doughnuts but as time passed and costumer's tastes became more demanding more products and beverages, such as cappuccinos, muffins, soups, chili, etc. were introduced to the menu. In 1995, Tim Horton's merged with Wendy's International, Inc. but continued its operations as a separate entity.

Merging with Wendy's provided a new focus for Tim Horton's to expand its operations into the U. S. , where it has expanded today. Tim Horton's can now be found in several US states with over 400 store opened and over 3000 in Canada. Approximately 95% of the Canadian operation Tim Horton's is franchise owned and operated. In 2006, Tim Horton's became a fully separate company from Wendy's, and it also celebrated the opening of its 3000th store in Orchard Park, New York. Tim Horton's has expanded its locations to shopping malls, highway outlets, universities and hospitals.

Topic Research “ Organizational structure refers to the division of labor as well as the patterns of coordination, communication, and formal power that direct organizational activities“(McCone, 2008, page 308). The two main parts of organizational structure is the division of labor and coordination, which evolves along with the four main steps which are: span of control, centralization, formalization, and departmentalization. We will also focus on the contingencies of organizational design including organizational size, technology, external environment and strategy.

Each point mentioned above will be relayed in more detail throughout the paper. Organizational Structure Tim Horton' s is a large organization employing over 100, 000 people across Canada and therefore an organized labor division is needed. Division of labor is the way jobs in organizations are divided according to different task requirements. The corporation that operates all of Tim Horton's chains is the TDL Group Corporation which deals with the following department divisions of labor: Operations, Research & Development, Training, Construction, Finance, Franchising, Marketing and more.

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Since the TDL Group Corporation has so many different large divisions, they must be spread all over Canada, for example, the head office is located in Ontario while the other regional offices are located in Alberta, British Columbia and Nova Scotia. These regional offices handle many of the same departmental functions as the head office but are formed by smaller teams of individuals. Each department division of labor must consist of teams that cooperate with each other. The department divisions we will talk about in detail are: training, construction and store design, research and development and marketing.

The construction and store design teams must work closely together because when building a new Tim Horton's restaurant the store appearance is just as important as the location. Construction team responsibilities begin with choosing a place where building is most convenient for customers to making blueprints in order to see what the Tim Horton location will look like from the inside and outside. Once this procedure is complete, designer team starts developing a plan of what the store will look like on the inside. Their task includes color schemes, flooring, accessories and many others.

Once the new location is complete, the owner of that location must go through training in the National Training Center. This training takes about seven weeks and teaches the requirements and techniques addressing the question of how to run Tim Horton's successfully. The training program exists so that owners of each location can improve their operational excellence in food handling and hygiene procedures, control over financials and employee relations. In order to maintain customer satisfaction and attract new

customers Tim Horton's offers many products and beverages to their customers.

When wanting to introduce a new product the research and development team must do research on existing customers to determine what beverage or food product would like to be seen introduced. Once this research is found, than the development of the product or beverage is prepared, followed by testing of how the product is perceived by Tim Horton's customers in the market. Once the new product is approved, marketing team now must advertise the new product so that customers become aware of it.

The marketing team is not only responsible for communicating with the public through advertising, but also with the media and the government. TDL Group Corporation closely working with Tim Horton's is too complex; and that's why the division of labor is needed. The success of the departmental division in Tim Horton's exists because of the coordination between the individual departments. These departments must rely on each other, and in case of a conflict, they must resolve the conflict quickly and efficiently.

For example, truck drivers in the distribution branch must cooperate with the warehouse workers and the warehouse workers must have the items ready for the truck drivers to pick them up. Well established divisional labor like this, can therefore work a lot more efficiently than other organizations that lack organized divisional labor. However, the negative aspect of divisional labor in Tim Horton's would be the amount of reliance between the divisions, even though there are a number of different divisions they do not work independently.

If one division does not do its job properly it will affect the other division dramatically. Using the previous example, if the warehouse workers did not have the items ready for transportation, truck drivers would have to wait causing the whole transportation schedule to fall behind. Elements of Organizational Structure When Tim Horton's first opened in 1964, its organizational structure was centralized, meaning that a small group of people or an individual was in charge of formal decision making.

The founder of Tim Horton's, Tim Horton, had to make crucial decisions on how he wanted his organization to develop in the long run. When Tim Horton's became a larger organization and better recognized, Tim Horton and the other executives decided to turn Tim Horton's into a franchise. When this major change in the organizational structure occurred, Tim Horton's had shifted slowly from centralization to decentralization organizational structure. The decentralized structure moves the decision making authority and power from a single team or an individual to several different teams.

Tim Horton's is extremely formalized in their organizations meaning employee behavior is standardized through rules, procedures, formal training, and related mechanisms. For example, Tim Horton's offers many varieties of food in each store, from sandwiches to soup and chili, to muffins and donuts and then the main serving of coffee and specialty teas. The standardization is applied in how to prepare each of these beverages and dishes. The rules making up the standardization are, for example the step-by-step directions on making a cup of coffee or the strict instructions from the managers as to wearing the rubber gloves.

Although formalization increases employee efficiency and compliance it is a major source of job dissatisfaction and work stress. Employee job dissatisfaction may come from the potential consequences of what may occur if an error in the procedures had occurred. Departmentalization in Tim Horton's was a gradual process that led to one of the most effective chains of command across Canada. Different parts of the company worked to develop creative campaigns and merge them with every franchise in the country.

This facet of the company makes sure resources are allocated according to the importance of every specific task and determines how interdependencies work with each other. Moreover, Tim Horton's has always concentrated in providing a high quality service and has expanded according to the consumer needs. It is also because of this aspect that relevant information and feedback are collected and used to create value that both consumers and investors appreciate. Tim Horton's has a narrow span of control meaning that a number of people directly report to the higher supervision level.

As we have mentioned before, Tim Horton's is a franchise with each different location having their owner. All of these owners must go through the specialized training given by a higher ranking power. Since there are over 3,000 locations across Canada and US, all these store owners must report to a higher power even though they have some extent to which they can make their own decisions. Since the span of control is narrow and there is a high degree of formalization and centralization, the working structure is that of mechanistic.

These structures have many rules and procedures, limited decision making on lower levels tall hierarchies of people in specialized roles and vertical communication flows. Tasks are rigidly defined and are altered when sanctioned by higher authorities. Contingency Theory Contingency theory proves that organizing, leading, or making decisions for Tim Horton's has no specific way of doing so. According to this theory, specific decisions made in one corporation may lead to successful outcomes, yet the same decisions made in another corporation may lead to unsuccessful outcomes.

For example the theme of Tim Horton's promoting through " Roll up the Rim" may not have such successful outcomes for Perks. The success and failure depends on the influences of internal and external factors in organizations. The quality factors included in the contingency theory are; the types of technology being used, the strategies being implemented, the size of the organization and the different techniques being used throughout Tim Horton's organizations. The primary focus for contingency theory is on Tim Horton's leadership and decision making.

The contingency theory on the organization depends mostly on the organization in relationship to the environment and its subsystems. As an organization, Tim Horton has proven to have a successful relationship with its subsystems (outlets), and the environment. For example, Tim Horton's has established a connection between the organization itself and the people it serves, by offering more than food and drinks. They have gone beyond their daily servings, and have organized children foundations, local programs, donations and sponsorships on both local and national levels.

By establishing these incentives, Tim Horton's has allowed people to become part of what the organization has to offer for the environment without even purchasing anything from the store. The contingency theory of leadership relates to the forms of subordinates, tasks, and group variables that lead to the success of a leader. Each organization is required to use its own styles of leadership appropriate to the needs of a certain situation it is facing. Tim Horton's practices have allowed the organization to maintain its environmental leadership.

The organization's determination of working with stakeholders, stores operators, and governments has allowed it to stay a successful organizational leader. As an organization, Tim Horton's constantly reviews its corporate policies with its subordinates to ensure that they are incorporating environmental considerations into their practices. The organization primarily focuses on community leadership by supporting over 125 communities clean up events across the country. The contingency theory of decision-making relates to the effectiveness of decisions being made, based on several aspects of a situation.

As an organization, Tim Horton's, has many conference meetings that discuss future leadership projects. Gathering with staff and the community helps Tim Horton's reach final decisions that are in favor of the majority of the population. Tim Horton's is characterized under a stable environment, meaning there are regular cycles of activity and steady changes in supply and demand for inputs and outputs. Their stock of goods is delivered to each outlet on a giving day and time each week, since Tim Horton's offers a limited variation in its goods its supply and demand is limited.

Events are also easily established because of the scheduled community conferences which enables Tim Horton's to apply rules and procedures more accurately. Customers have the option of purchasing their orders in the store or going through the drive thru. Due to the fact that it is impossible to offer refunds or borrow a product, Tim Horton's is classified under a simple environment organization. Tim Horton's has many products and clients throughout Canada and the US with the possibility of expanding into many other geographical areas, therefore the organization is considered a diverse environment.

With the future expansion in the other geographical areas, Tim Horton's will become much more diverse and will need to use a divisional structure aligned with the new diversity. Company Success Although there is always room for improvement, Tim Horton's has a long run of outstanding success. The way this company has developed its success was due to the major expansion from only one store in Hamilton to a whole network of franchises across Canada and recently expanding internationally. Due to such great success, we chose to talk about how Tim Horton's has leveraged itself above competitors instead of recommending improvements for the future.

The way the division of labor is organized and co-operating is an advantage that Tim Horton's has over its competitors. Division of labor has given focus to employees as to what their specific task is and therefore increasing their work efficiency. Since all products must be shipped from all over the country to every different store location, the division of labor must be appropriately organized in order for the distribution channels to satisfy the customers

when delivering these products. Not only are they efficient on the large organizational scale but also in the store itself.

For instance, each employee is required to focus on one specific task at a time rather than multiple tasks causing work to be done more accurately and efficiently. The high level of formalization has also helped to unify all the rules, procedures, and tasks within Tim Horton's organization which helped reduce the time required to complete each task. Tim Horton's decentralization is a good element of organizational structure because many different ideas will be contributed to decision making which will increase a greater favor towards the final outcome.

This feature helps take into consideration all options without surpassing beneficial opportunities. The combination of the structural features has helped Tim Horton's to maintain its success within the fast food industry compared to its competitors. Conclusion Tim Horton's went from a single corner coffee shop in Hamilton, Ontario to a nation wide franchise with over 3000 locations. Tim Horton's proves that they strive to satisfy their customer needs by constantly adding new products and services to the organization and constantly improving the quality of its services to customers.

As the years gone by Tim Horton's has taken social gathering to a whole new degree, with locations being found in workplaces, universities, and malls making get together enjoyable to the fullest degree. Not only has this organization provided for its countless customers and employees but it has also managed to bring awareness to the polluted environment, with each advertisement made by Tim Horton's our earth is slowly turning to a cleaner

and safer place for our families. Customers can only imagine that Tim Horton's will continue on the road to success and continue to make our world a better place.

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