

Four basic ways a divisionally structured firm could



There are four basic ways a divisionally structured firm could be organized. What are these four ways? Give an example of each. The four basic ways a divisionally structured firm could be organized are 1) by geographic area. An example of this would be any organization with similar branch facilities located in widely dispersed areas; 2) by product or service. Huffy is an example of divisional structure by product; 3) by customer. Book publishing companies often organize their activities around customer groups as college, secondary schools and private commercial schools; and 4) by process.

An example of this is a manufacturing business organized into six divisions: electrical work, glass cutting, welding, grinding, painting and foundry work. Each division would be responsible for generating revenues and profits. Compare and contrast restructuring and reengineering. Restructuring involves reducing the size of the firm in terms of number of employees, number of divisions or units and number of hierarchical levels in the firm's organizational structure. Restructuring is concerned primarily with shareholder well-being rather than employee well-being.

In contrast, reengineering is concerned more with employee and customer well-being than shareholder well-being. Reengineering involves reconfiguring or redesigning work, jobs and processes for the purpose of improving cost, quality, service and speed. Whereas restructuring is concerned with eliminating or establishing, shrinking or enlarging, and moving organizational departments and divisions, the focus of reengineering is changing the way work is actually carried out. Reengineering is characterized by many tactical decisions, whereas restructuring is characterized by strategic decisions.