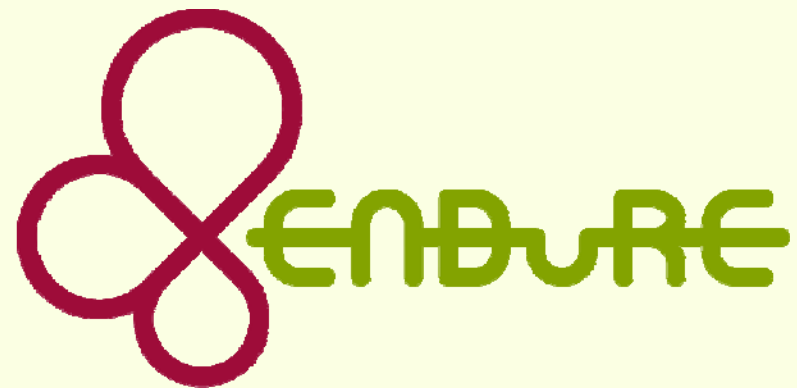




Business Structure & Action Plan



UNIVERSITY OF
SURREY



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IVERIDIS
INTELLIGENT INNOVATION



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Activity

What is meant by the term
'organization'?

Understanding Organization

- Is your organization in shape to make your **chosen strategy** happen and deliver your **business goals**?
- Are all the necessary resources in place to translate the competencies you have identified into effective action?
- Are there weak points in the organization?
- Are there areas that will come under pressure if you do more business, or do business differently?

Organization Origins

- Rarely a preoccupation in newly-founded businesses
- Emphasis on finding customers and getting orders and doing whatever has to be done to supply them
- Role definitions are often vague
- Appears to be little in the way of procedure
- Direct lines of communication
- An apparent lack of structure and formal order

Understanding Organization

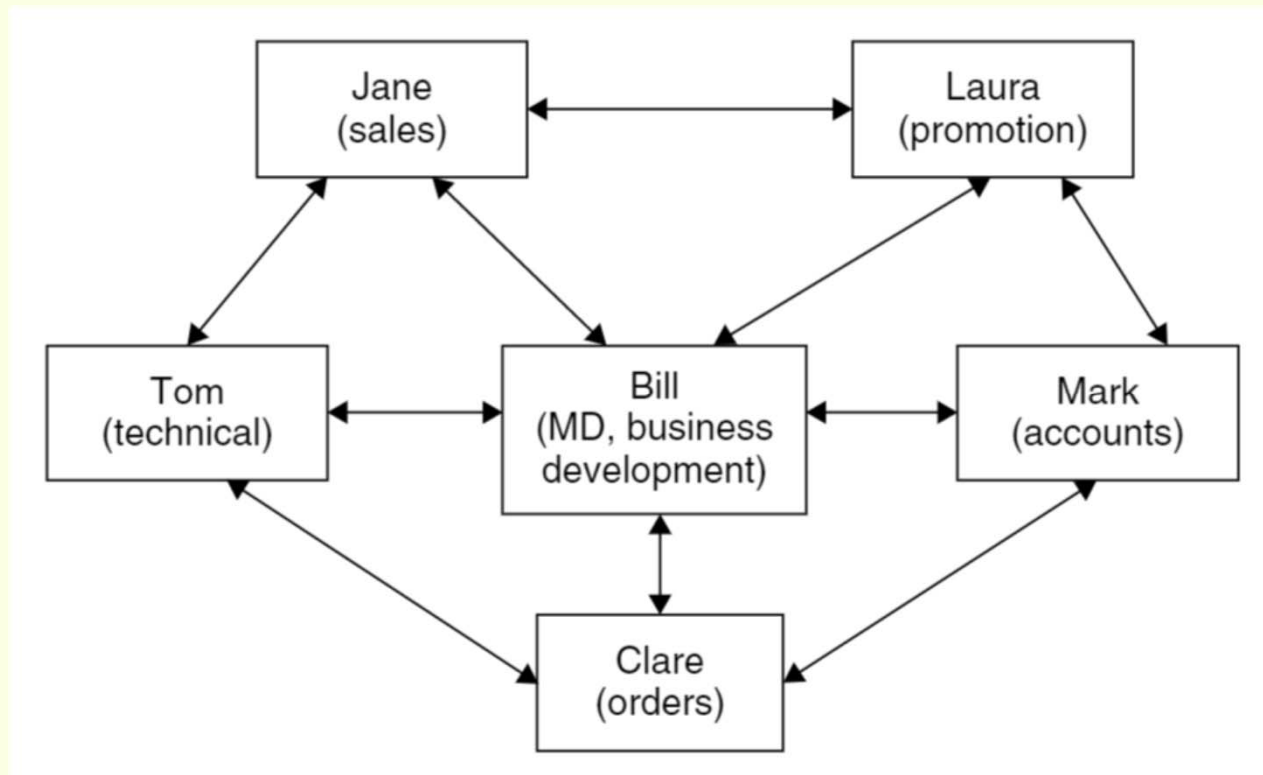
- We want our organizations to work like machines
- We also see our organizations as a brainy organisms
- A well-functioning organization combines the reliability of a well-oiled machine with the intelligent responsiveness of a brainy organism

Organization Maintenance & Development

Reasons for change:

- **Business strategy** - responses to opportunities & threats
- **Technological** - necessitate revision of working patterns
- **People** - grow, develop, stagnate, leave, replace

Spider's Web Organization (Start-up)



Spider's Web Organization (Start-up)

- Boss at the centre of everything
- Communication strands radiate out from centre
- Direct lateral communication lines between strands

Works Well Because...

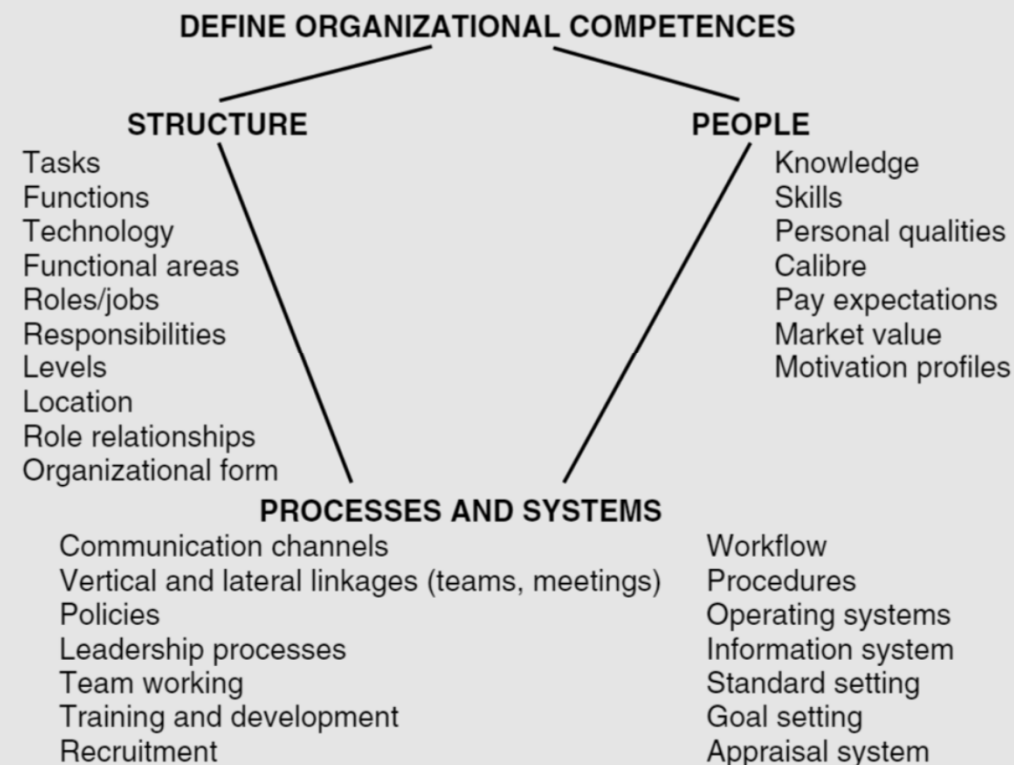
1. Common purpose
2. Goals and work standards are clear
3. High level of motivation
4. Task commitment
5. Group cohesion
6. Structure
7. Work processes

Structure, People, Processes & Systems

- Organizations consist of a set of *people*, carrying out various roles that fit together into a *structure*
- Organizational *processes* keep everything coordinated and moving
- *Systems* in place to give direction, maintain order and control

Structure, People, Processes & Systems

Checklist: Designing and developing the organization



Key Business Tasks

Identify customer

Match product to customer needs

Target customers

MARKETING

Contact customers

Get orders

SALES

Obtain materials

Process materials

Supply product to customers

PRODUCTION

Manage money supply

FINANCE

Manage supply of people to do jobs

PERSONNEL

Get the firm's chores done

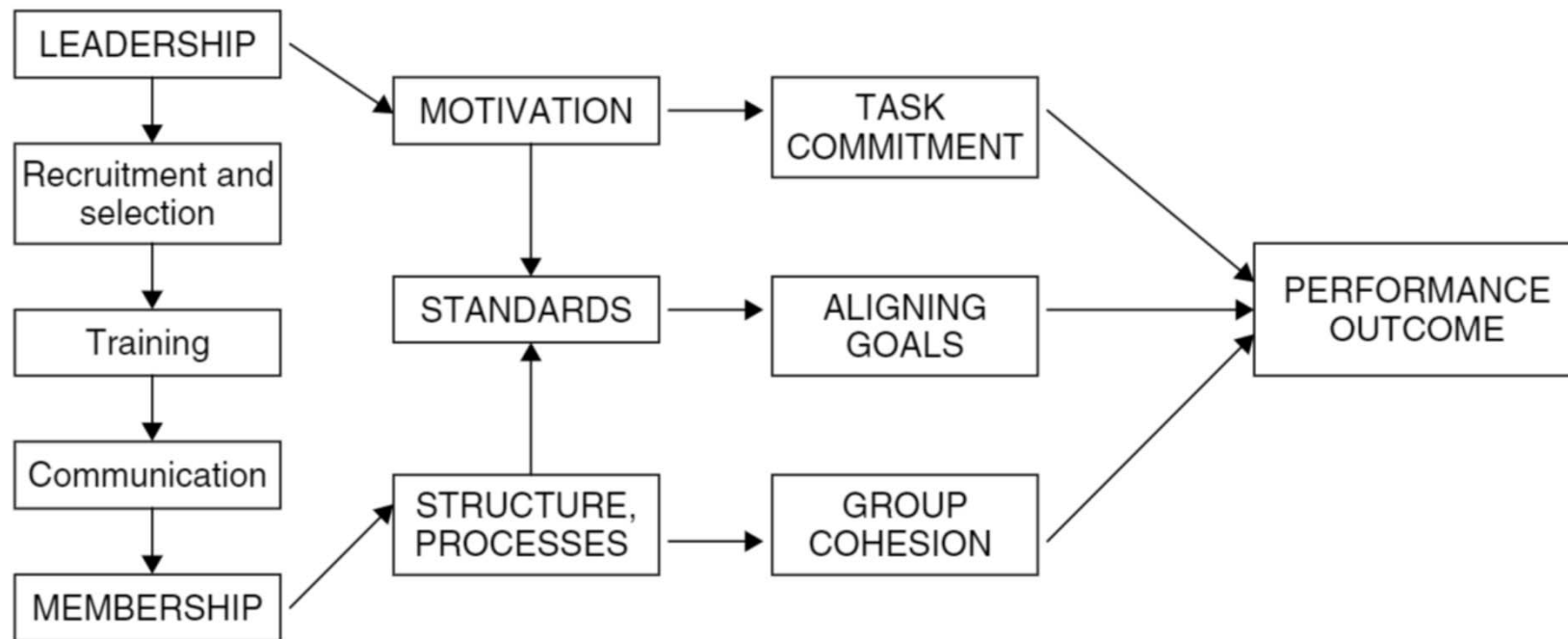
ADMINISTRATION

Continuously develop and direct company
focus and performance

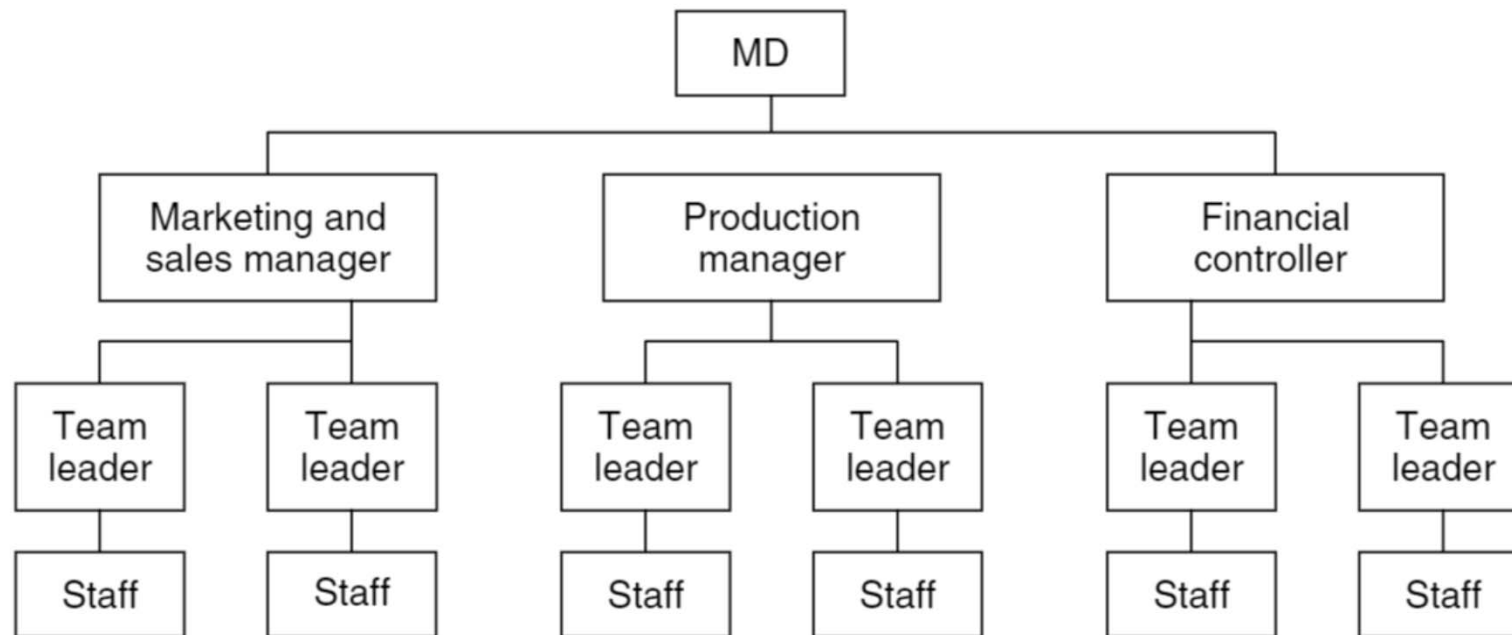
STRATEGY



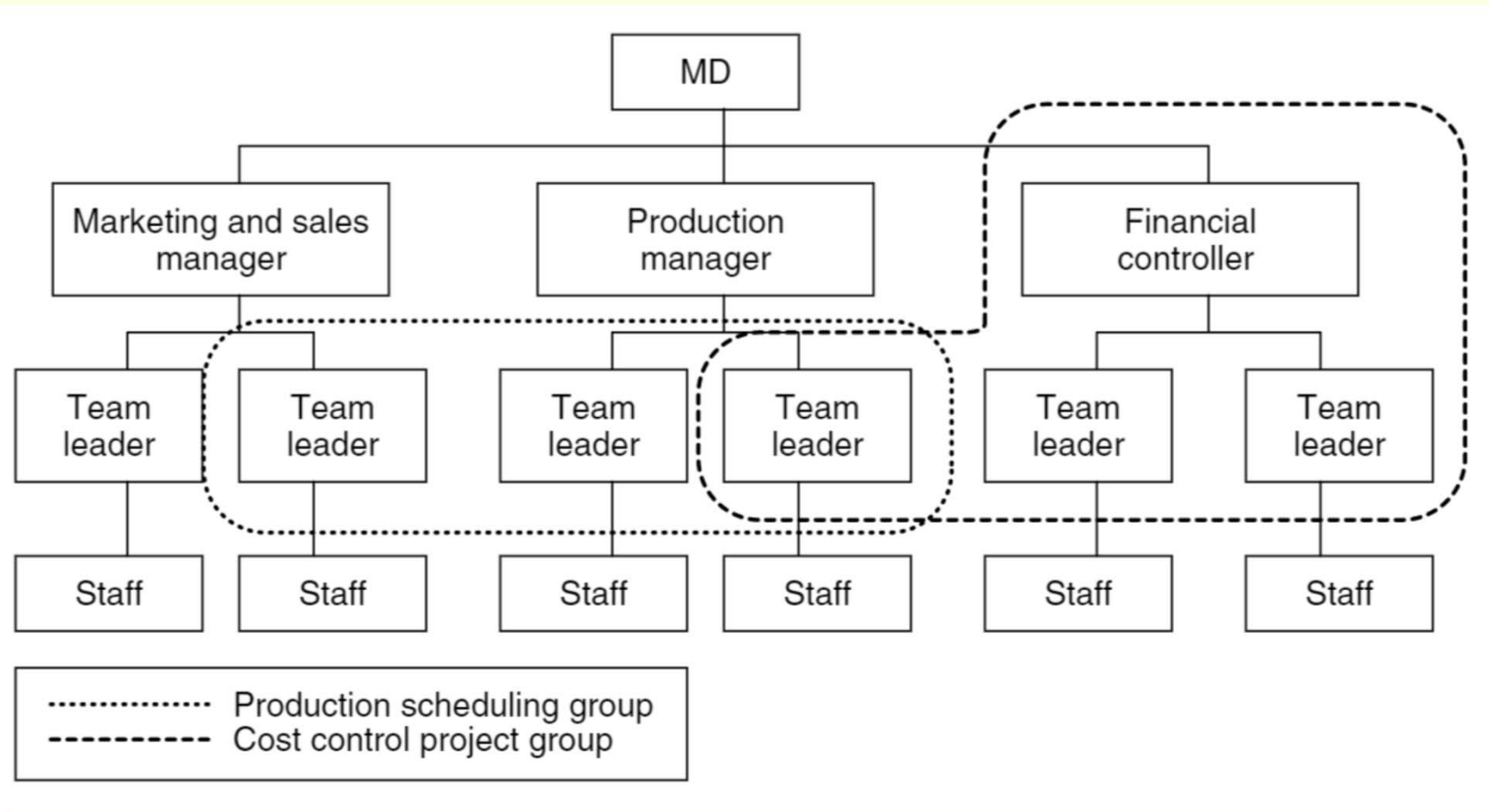
Key Features of Organizational Effectiveness



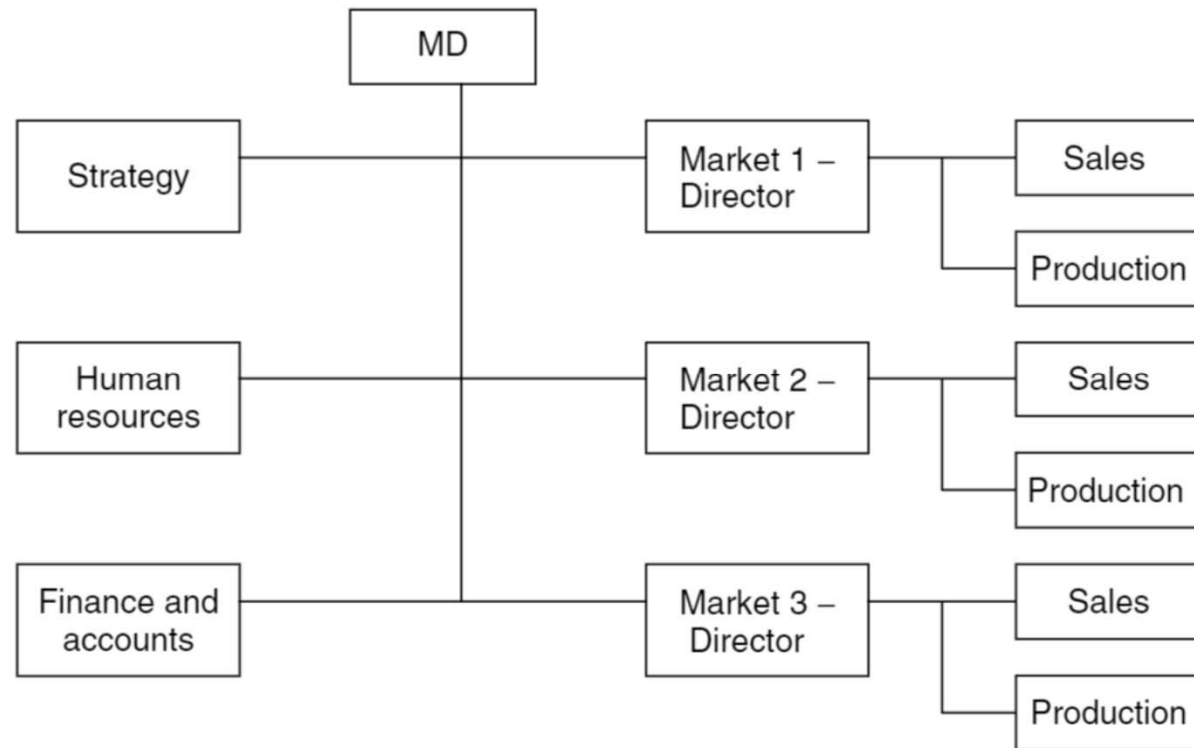
Traditional Hierarchy



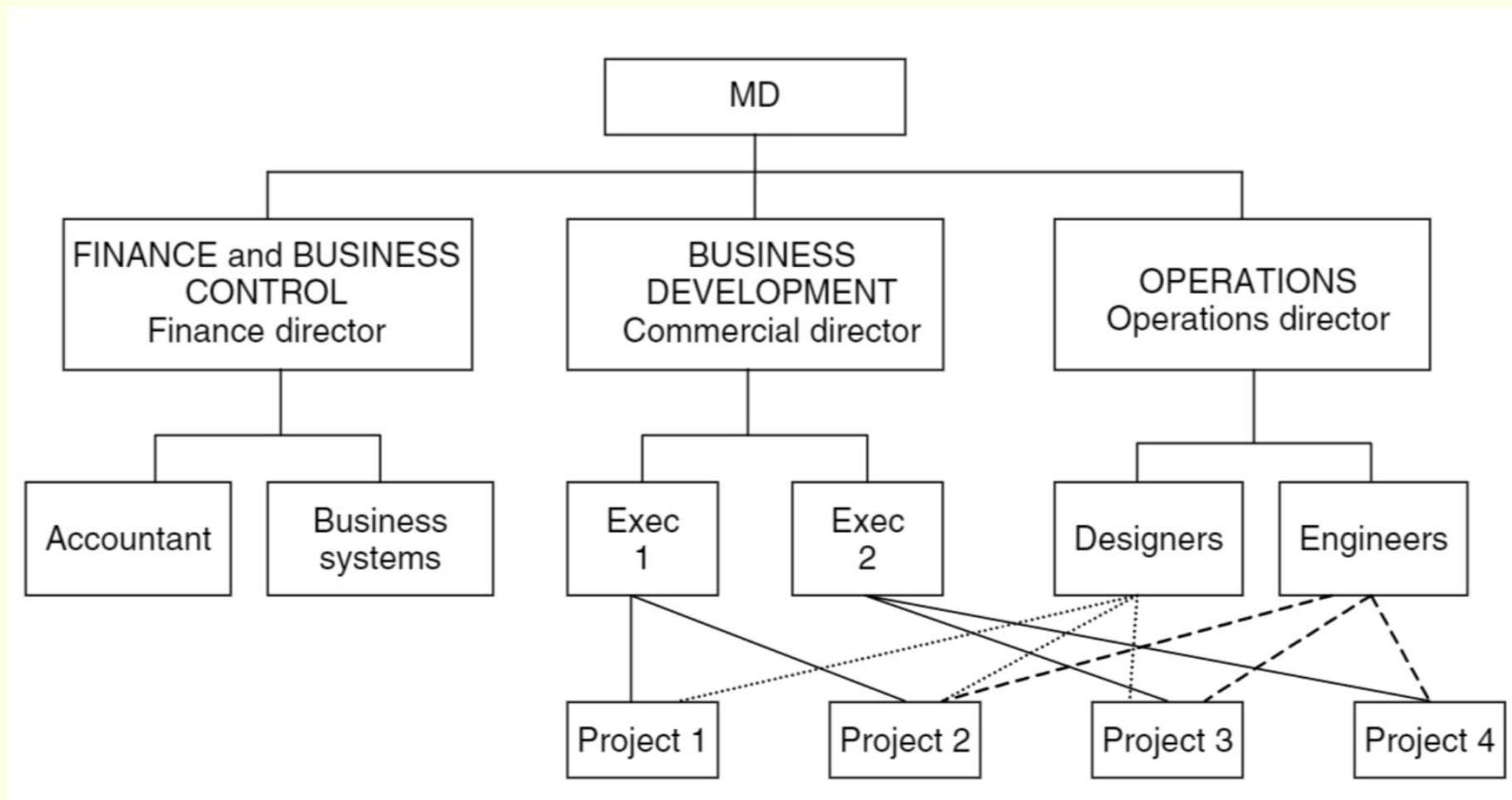
Hierarchy with Liaison Groups & Project Teams



Matrix Organization



Project Team Organization



Distinctive Characteristics of Small Businesses

ORGANIZATION STRUCTURE & MANAGEMENT

- **Top down** - dominant position of the entrepreneur can create a person-centred culture
- **Organizational structures** - simple, flexible, non-differentiated structures and flexible work practices
- **Informal systems and procedures** - issues such as production, quality, finance, customer service often done by 'feel' rather than procedure
- **Control** - speedier decision-making, shorter reaction times



Distinctive Characteristics of Small Businesses

STRATEGY & DECISION-MAKING

- **Ambition** - likely run by owner-manager; aims based on personal values
- **A lack of objectivity** - decisions influenced more by the needs, desires and abilities of the entrepreneur than by reason
- **Decision-making** - clear articulation of goals and objectives... or not articulated at all! Heavy reliance on information from personal contacts often means inaccurate & **incomplete**
- **Lack of planning** - short planning horizons dominate; emphasis on survival as opposed to growth
- **Limited knowledge of the business environment** - small teams, lack of specialist staff, time-constrained



Distinctive Characteristics of Small Businesses

OPERATIONS/PRODUCTION

- **Discontinuities** - thresholds occur e.g. increasing capacity by 10% to cope with 10% increase in turnover may not be justified in small business
- **Economies of scale** - few opportunities e.g. less able to take advantage of bulk buying and discounts

Distinctive Characteristics of Small Businesses

HUMAN RESOURCES

- **An absence of functional managers** - management often resides with one person.

Advantage: takes an overall view instead of creating conflict between functions.

Disadvantage: knowledge of functions not evenly developed or lacking

- **A lack of training** - seen as both an unaffordable distraction and earning a return more theoretical than practical



Distinctive Characteristics of Small Businesses

FINANCIAL RESOURCES

- **A lack of resources** - little credibility with funders, few assets provide few guarantees, tendency towards poor cash flow management
- **Personal capital** - reluctance to spend except for the bare essentials

Distinctive Characteristics of Small Businesses

MARKET SHARE

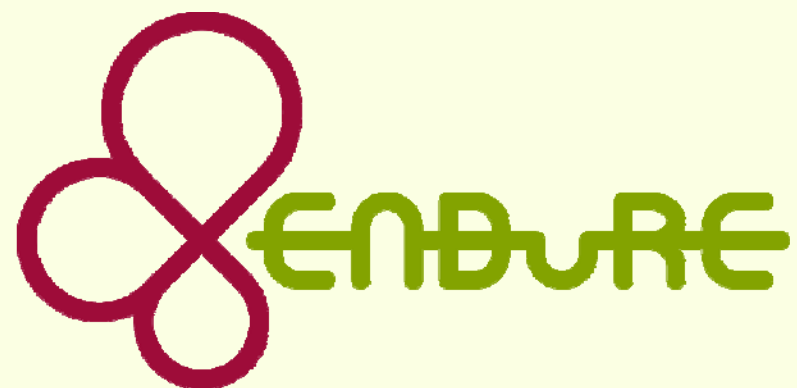
- **Little influence** - at the mercy of distributors, suppliers, and forces of competition
- **Small product range & limited customer base** - vulnerable to product weaknesses or loss of key client

Variety of Small Businesses

- One-person businesses & self-employment
- Family businesses
- Women-owned businesses
- Ethnic businesses
- Academic spin-out businesses
- High-tech/low-tech
- Urban/rural
- Craft businesses
- Social enterprises



Discussion



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