

# MAN301T: Entrepreneurship & Management functions

Session 5



INDIAN INSTITUTE OF INFORMATION TECHNOLOGY,  
DESIGN AND MANUFACTURING,  
KANCHEEPURAM

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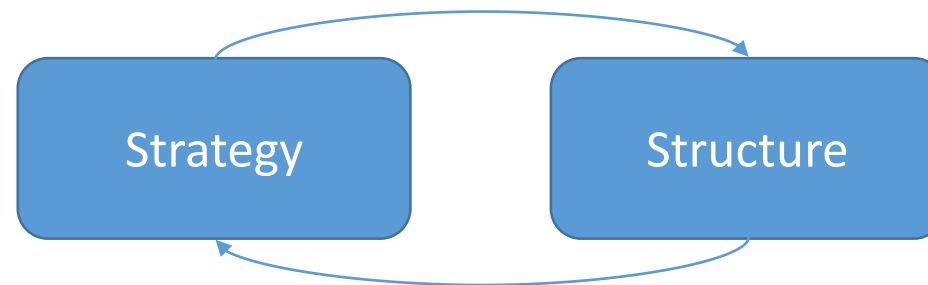
# Contents

Organization Structure & Design Principles

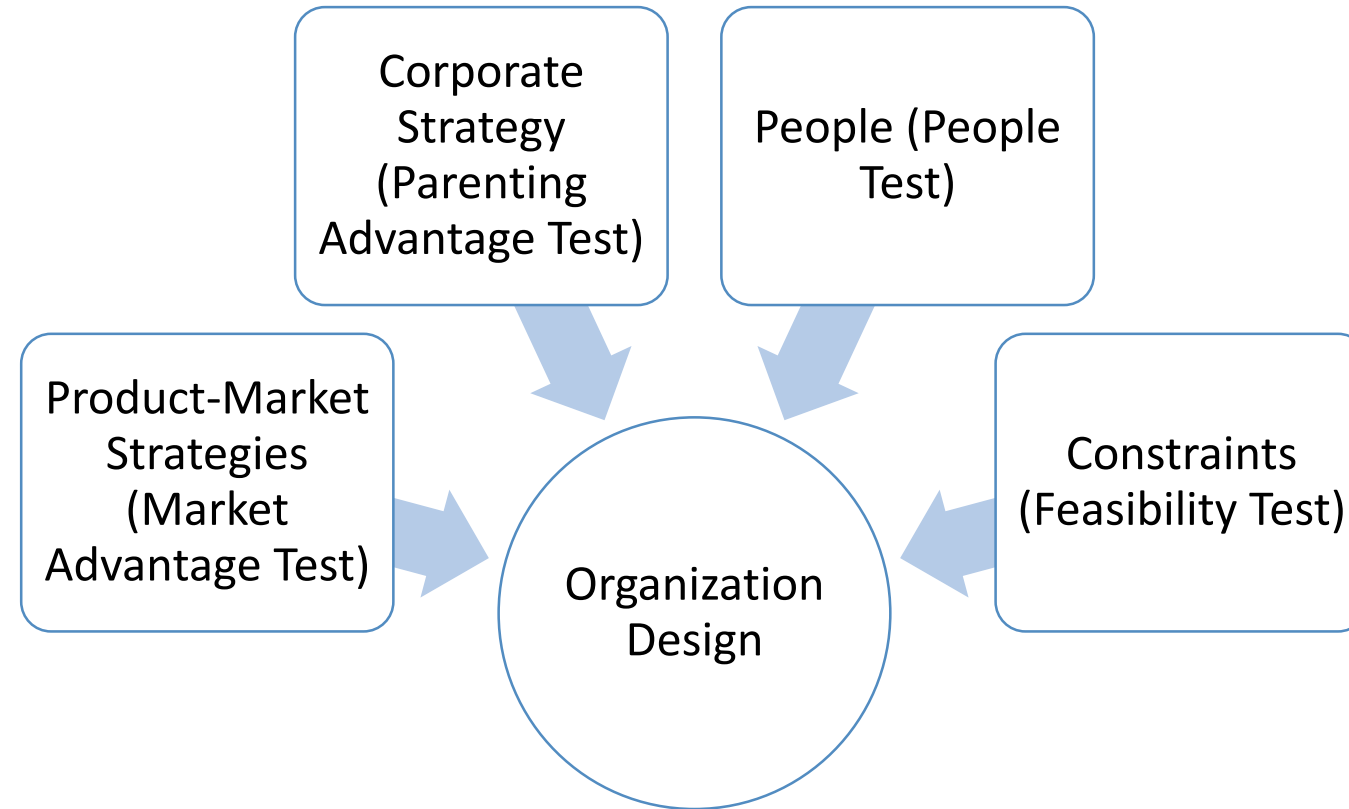
Models of organization

# Perspectives on Organization Structure

- A grouping of relevant strategic objectives & functions into roles & responsibilities
- Thesis: Structure Follows Strategy (Alfred Chandler) ... Form follows Function
  - Structure is critical to translate strategy into action
- Anti-thesis: Structure Constrains Strategy
  - Especially true for existing organizations
- Synthesis: Strategy and Structure are mutually Reinforcing (Henry Mintzberg)

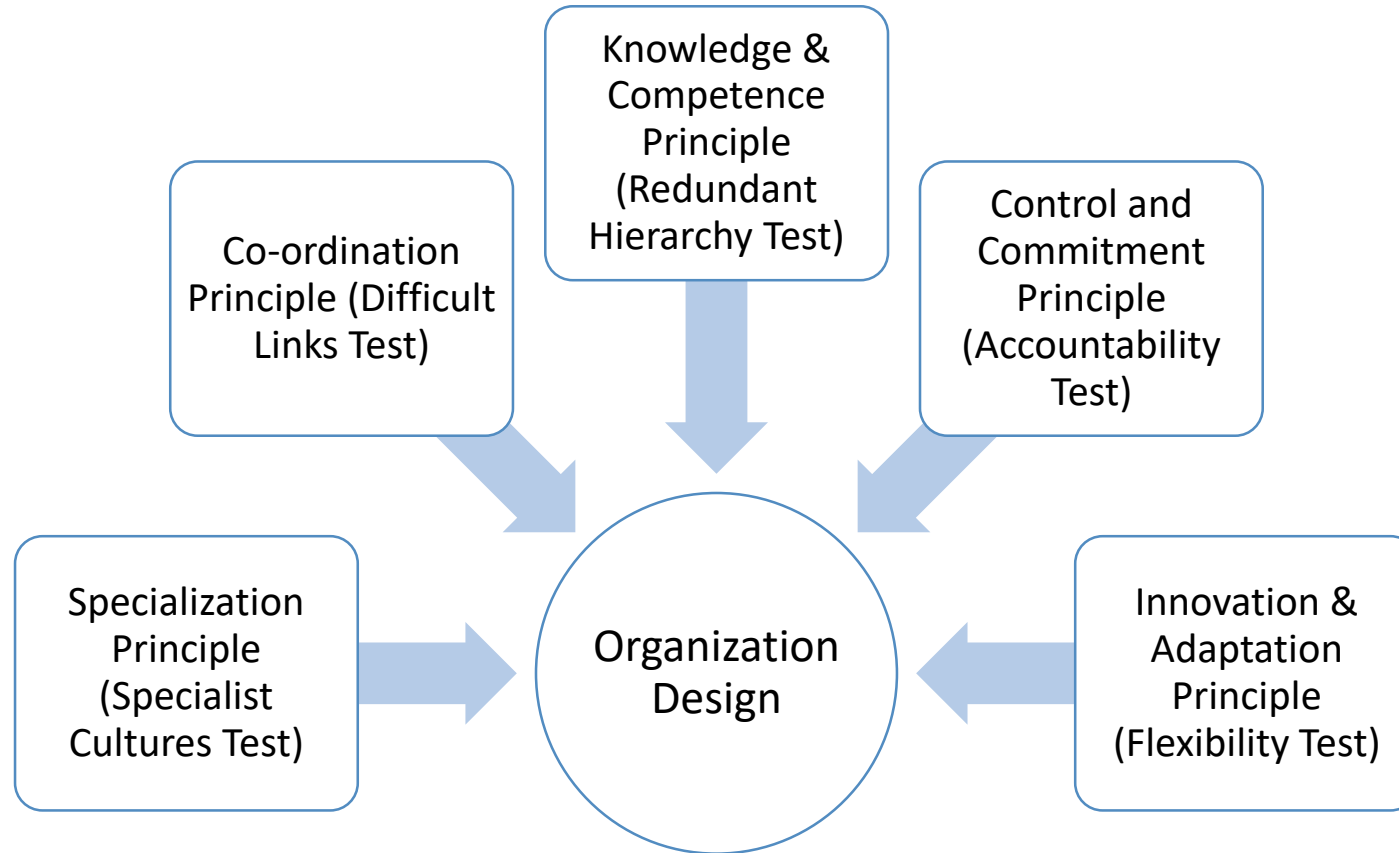


# Considerations for Organization Design: Fit Drivers (1 / 2)



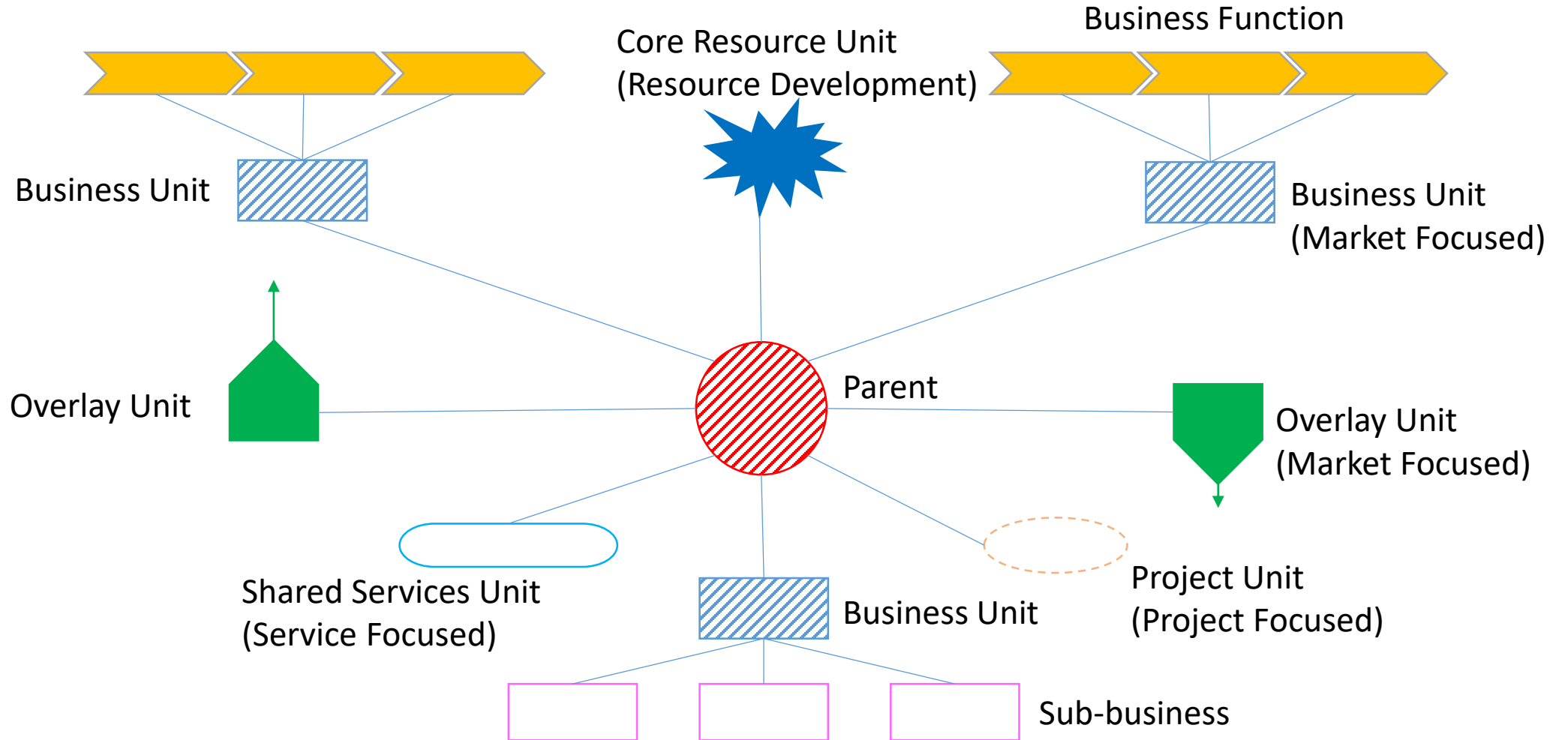
Source: Michael Goold & Andrew Campbell (2002), Designing Effective Organizations

# Considerations for Organization Design: Design Principles (2/2)



Source: Michael Goold & Andrew Campbell (2002), Designing Effective Organizations

# Taxonomy of Organizational Units



# Exercise 5.1: What principles of organization are relevant for your product/startup?



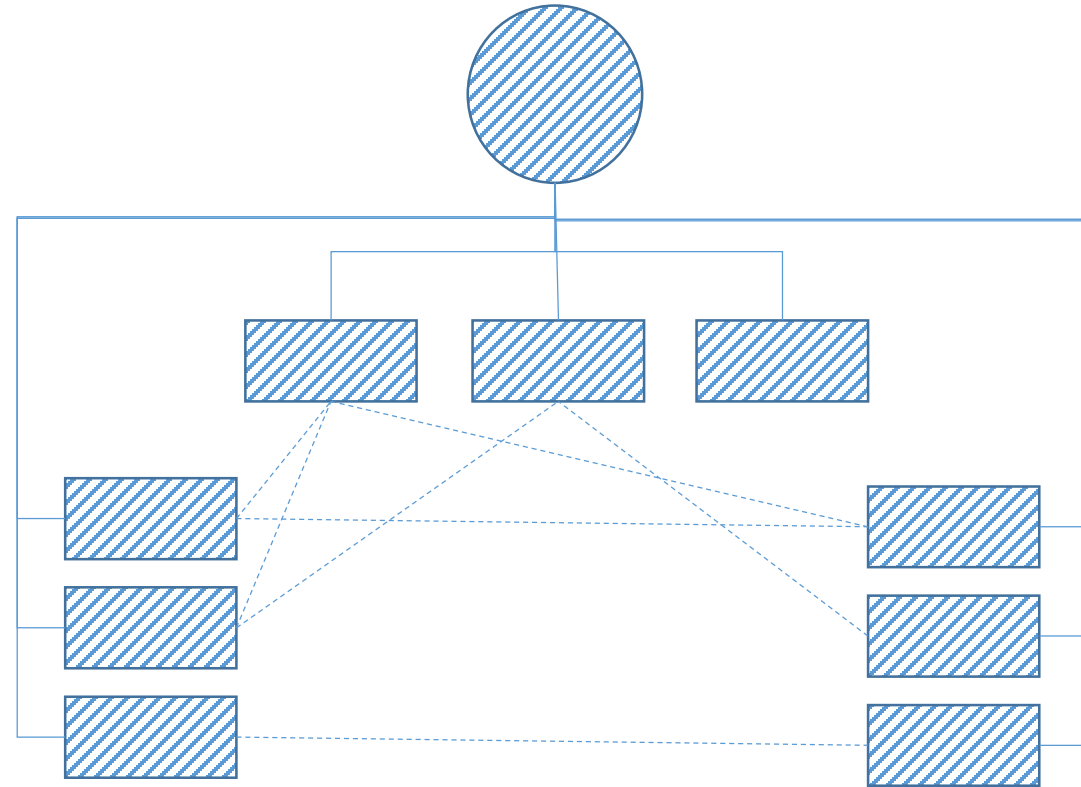
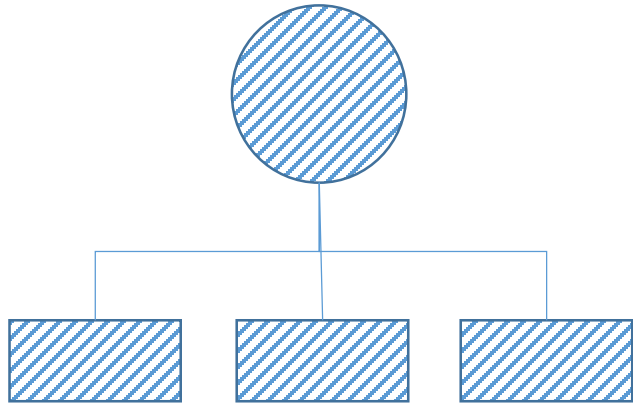
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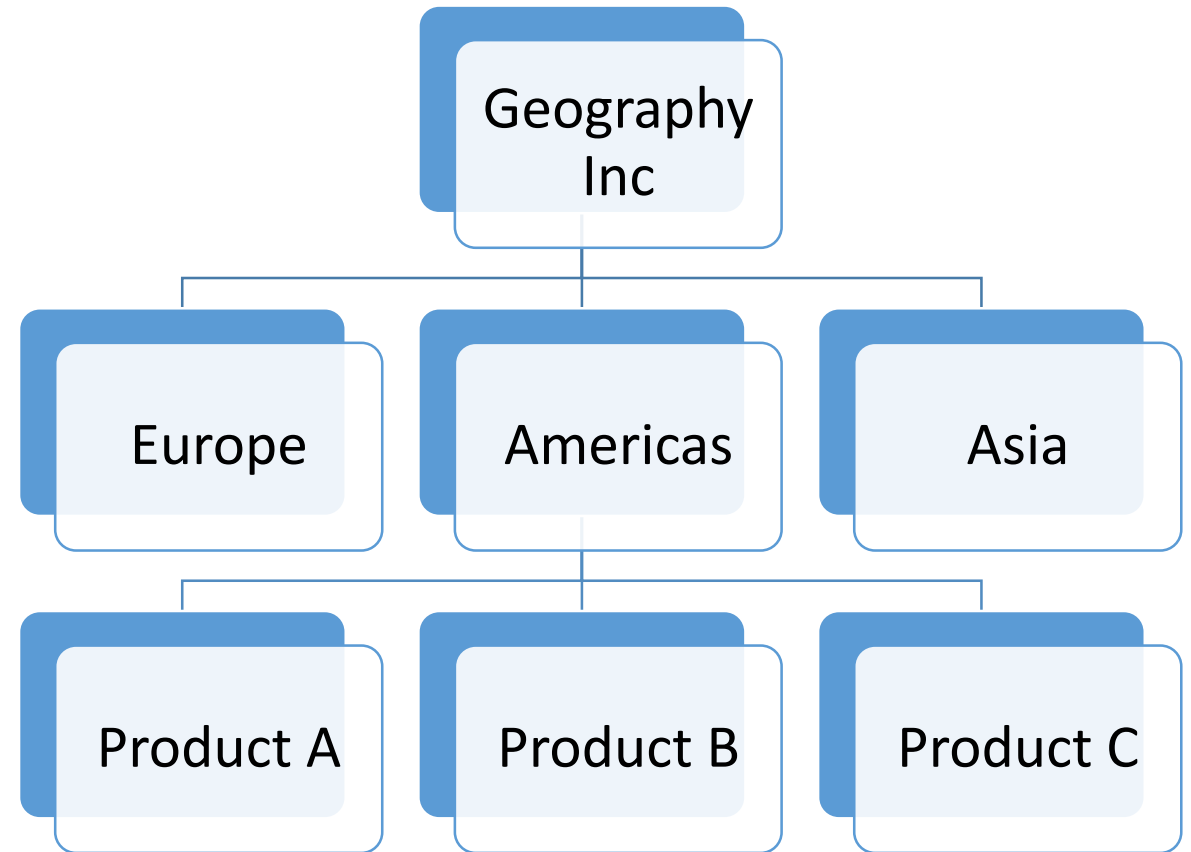
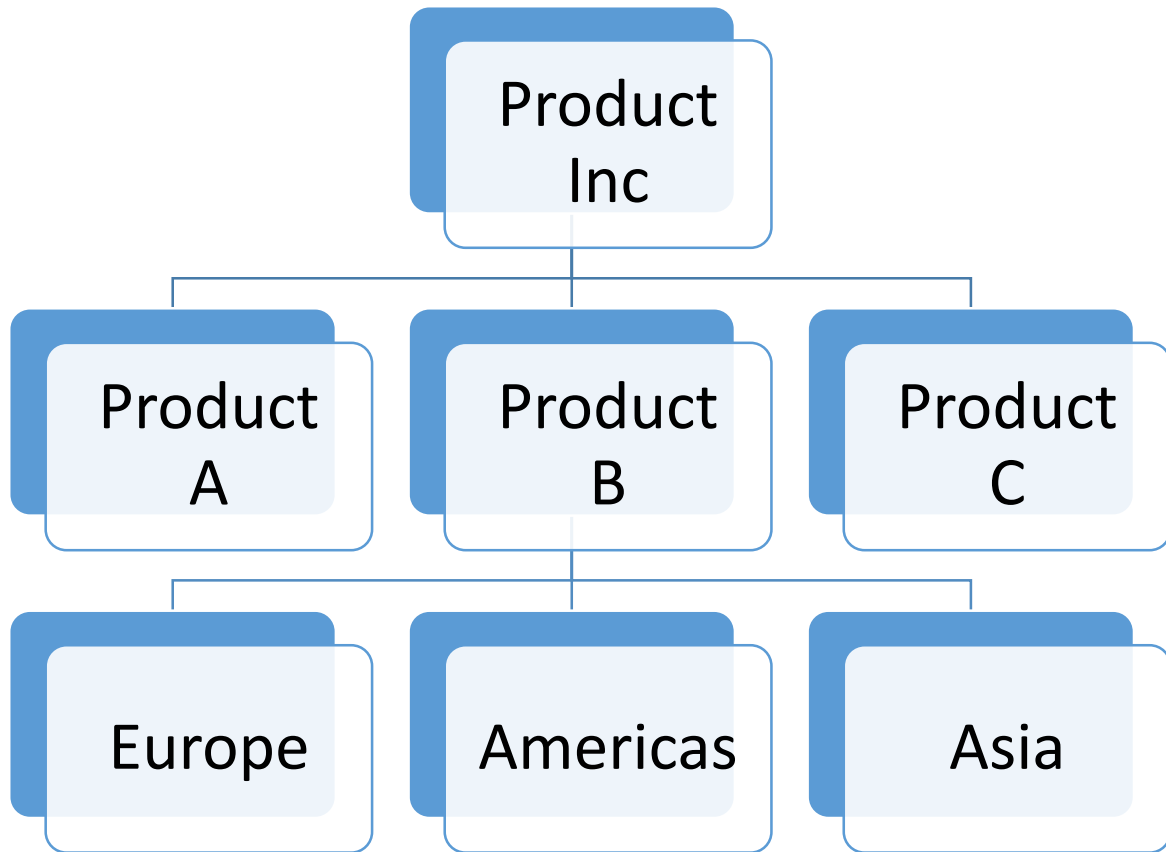
Models of organization



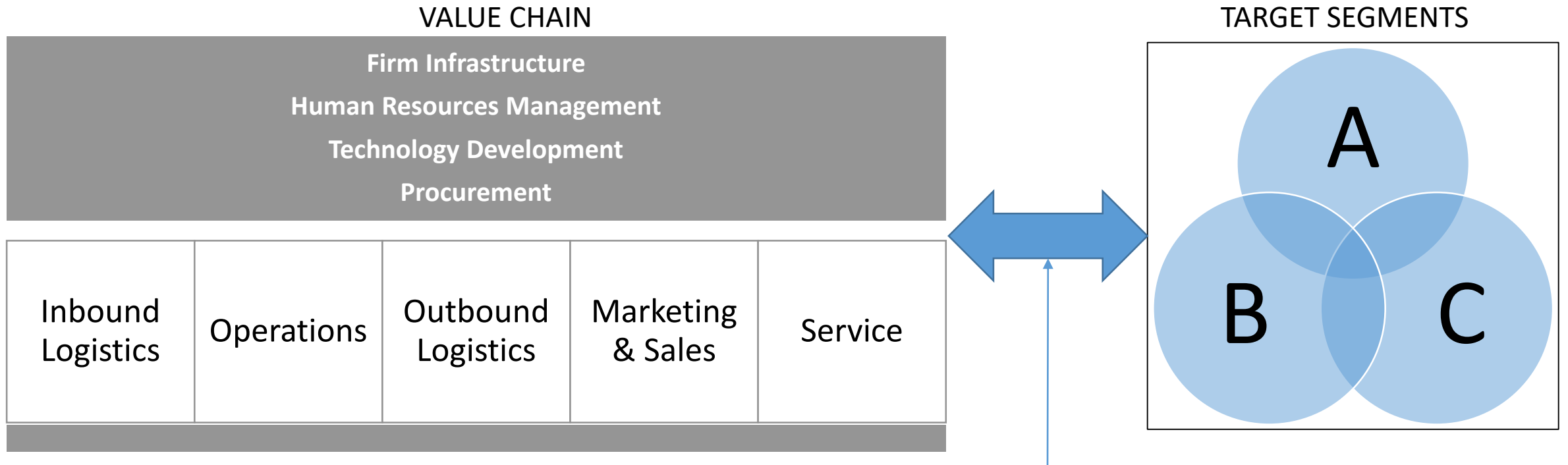
# Simple and Complex Structures



# Product & Country Organizations – Specialization & Coordination

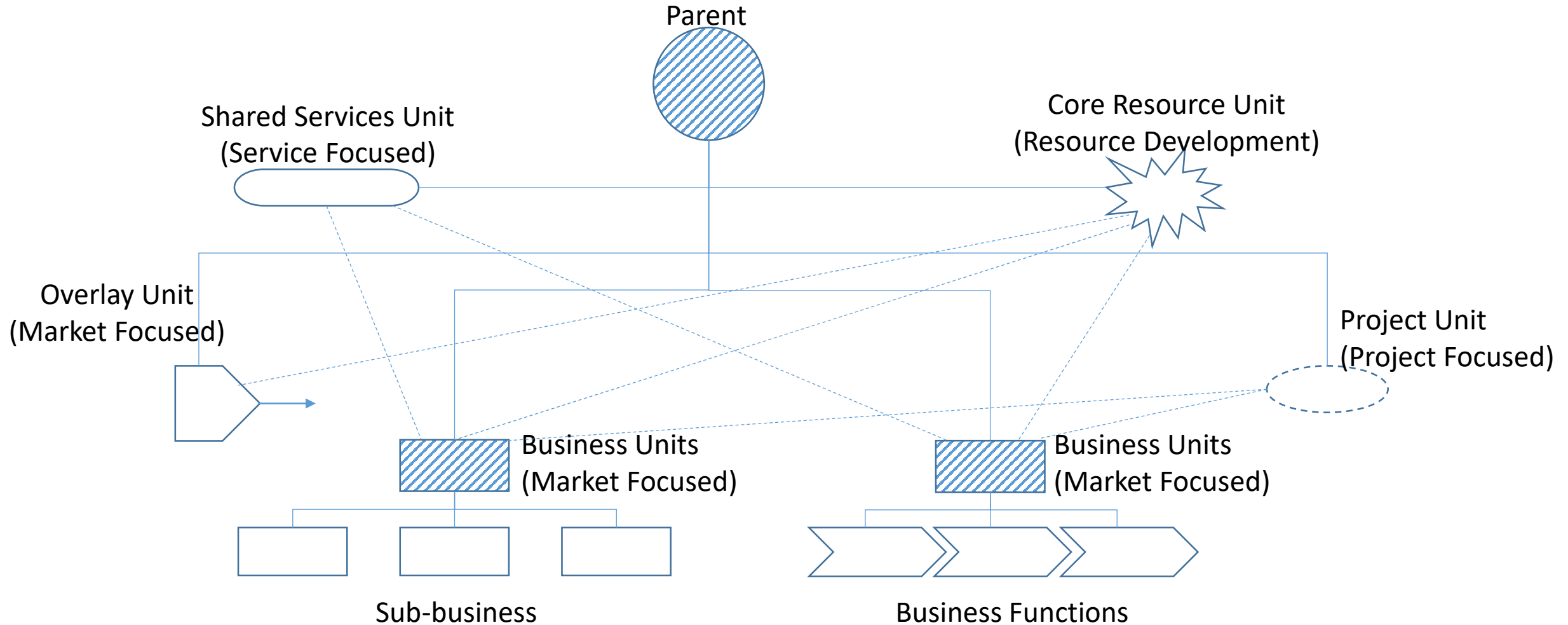


# Market-Focused SBUs



Value Chain that is coordinated and aligned to serve the target segments profitably

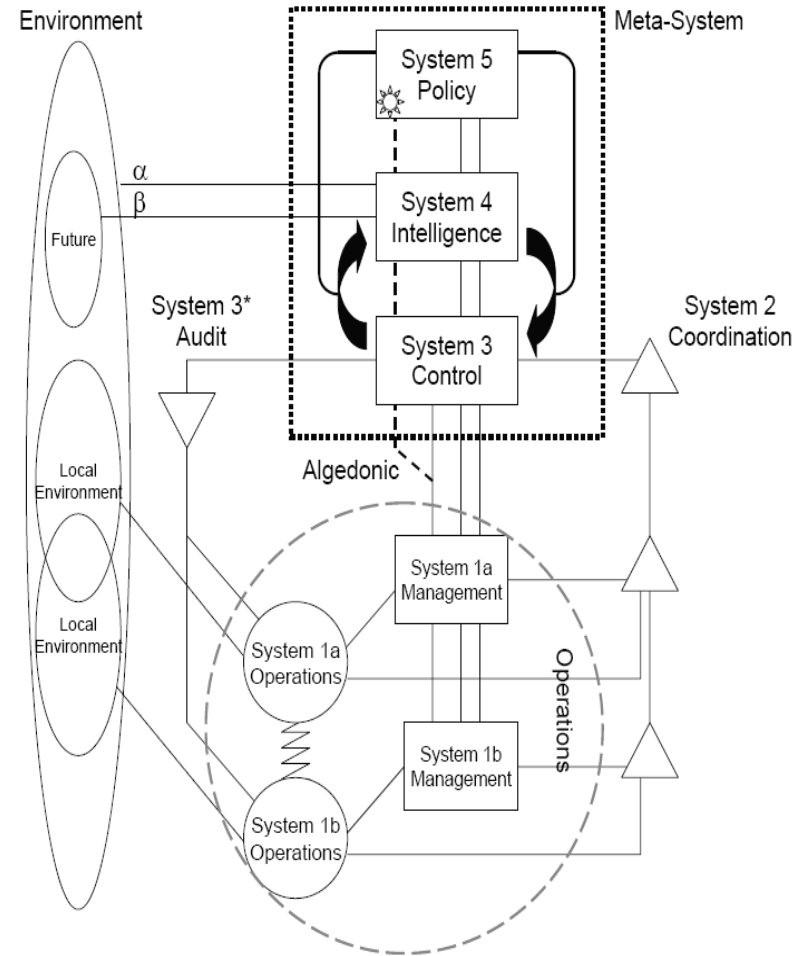
# A Typical Organizational Chart



# Model of an Adaptive Organization - VSM

- Developed by Stafford Beer (1979) – based on Ashby's Design for Brain
- Viability is the ability to maintain an independent existence
- Based on principles of requisite variety, self-regulation and recursion

Viable systems comprise five key functions at every level of recursion



Policy (System 5)  
Provides closure

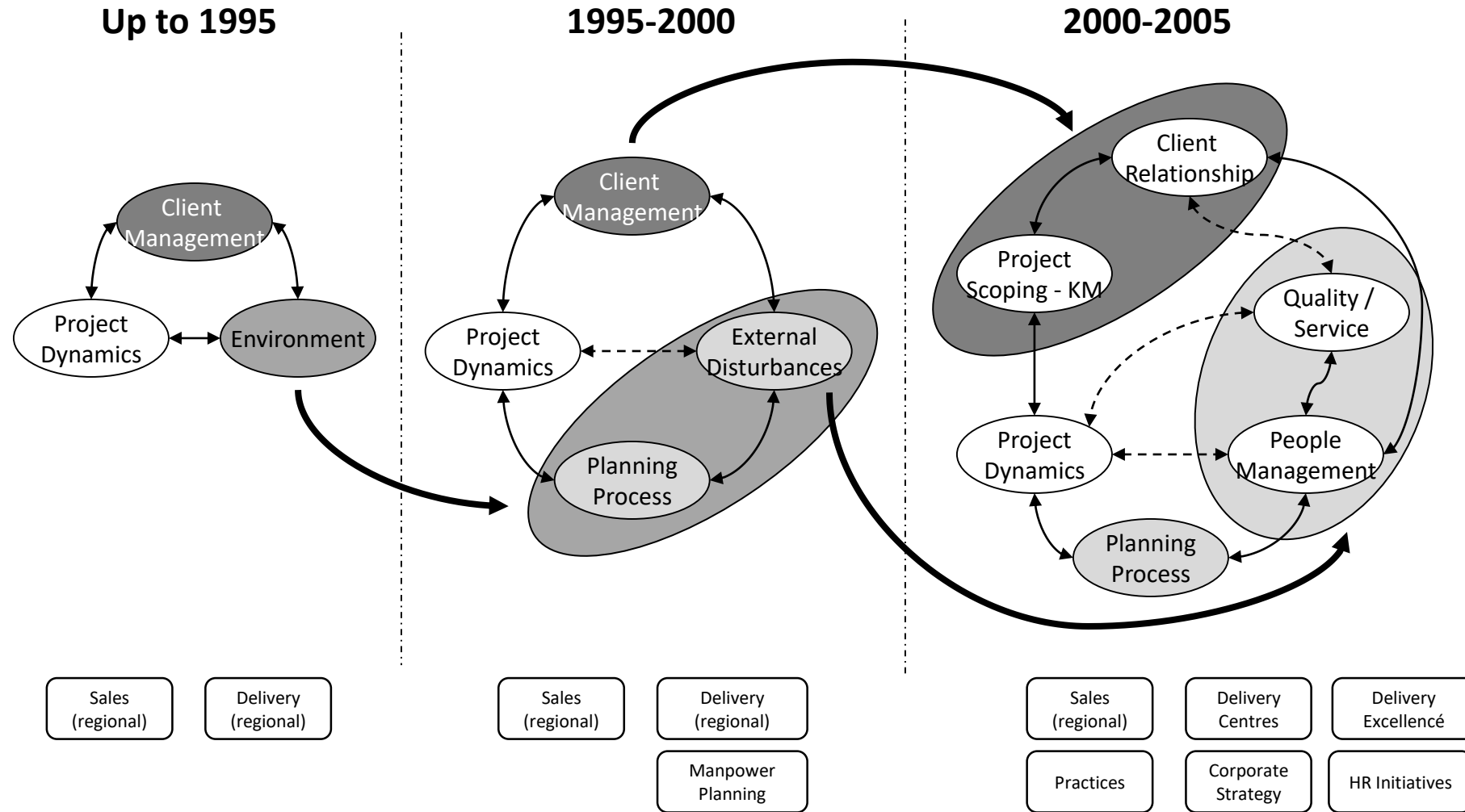
Intelligence (System 4)  
Identifies external opportunities and threats

Monitoring and Control (System 3)  
Monitors internal strengths and weaknesses

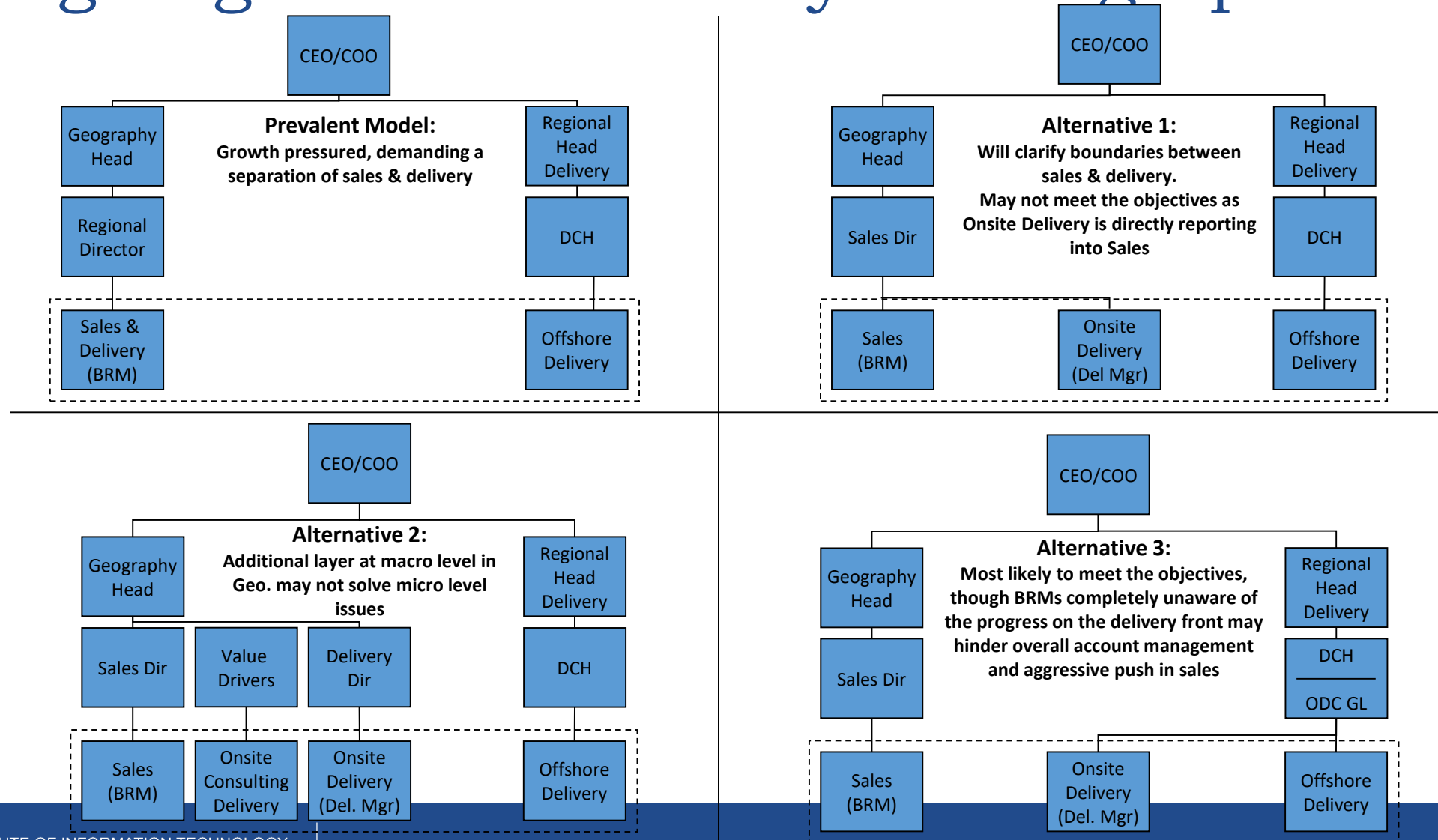
Co-ordination (System 2)  
Reduces instability across system 1s

Operations (System 1)  
Directly interacts with the environment  
Equivalent to the core processes of the organization. But, may also include those processes that have extensive interaction with the environment  
Indicates the actual purpose of the system

# Evolution of Indian IT Services Organizations



# Aligning Sales & Delivery in Geographies



# Aligning strategy with structure

- Value Chain Analysis -> Strategy -> Critical Goals/Measures
  - Example, To grow by X% in a product / market
- Grouping of critical parts of the value and measures -> Structure
  - Tight alignment of product / market to achieve X% growth ... in the structure



# Exercise 5.2: Define your organization structure



# Things to find out before next class

Assess Human Resource  
Requirements to Support the  
Structure

Go through the video lectures, do  
the assignment and come for  
discussion

