

UoG / UESTC Joint School of Engineering

Engineering Project Management
& Finance: Lecture 2

Company Structure?

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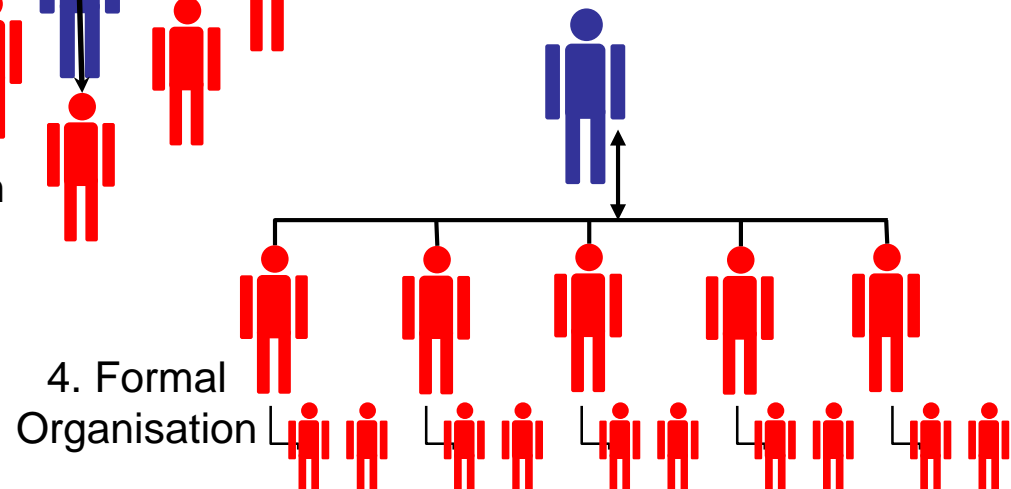
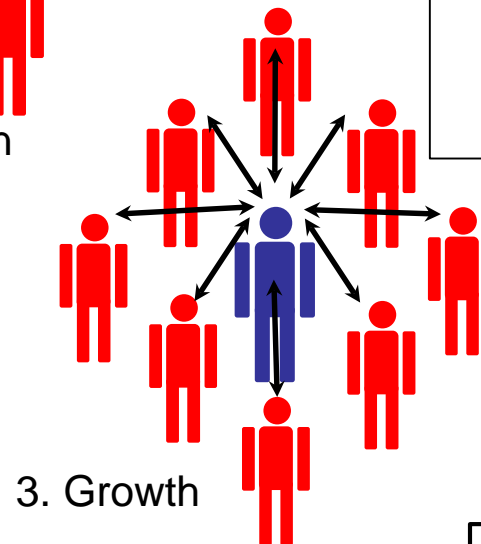
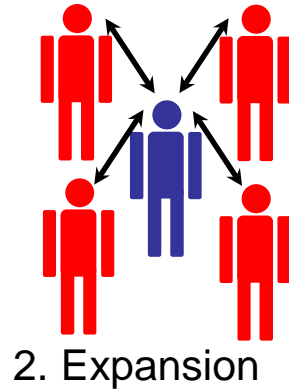
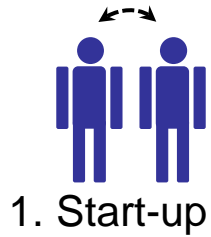
President Donald Trump has blocked Broadcom's \$117 billion bid for Qualcomm, citing national security concerns. The United States is particularly worried that the takeover could boost China's influence in 5G technology. We asked foreign investment and technology research experts to share their thoughts on the decision.



Question: Would you use Qualcomm for your next design?



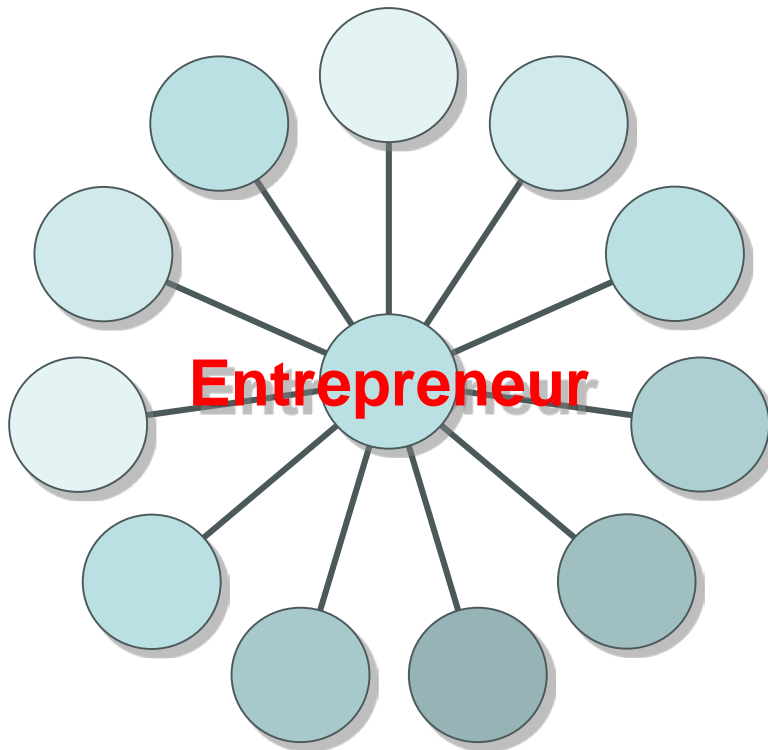
Company Structure and Growth



Traditional growth and structure are based on a 'command and control' model

- Good for single objective markets
- Poor for multi-dimensional objectives or markets

Simple start-up structure





- Minimum standardization and formalization
- Few layers: limited middle-line managerial levels
- Highly centralized and direct supervision (by the entrepreneur)
- Wide span of control (around the entrepreneur)


What are the problems with this structure?

- An entire organization as an integrated whole is continually in dynamic interaction with its environments.
- **Strategy and Structure: Chapters in the History of the Industrial Enterprise(1962); MIT Press; Chandler, A D**
- There is a whole branch of management theory associated with organisational structures.
 - As engineers, you don't need to know the theory; just the major differences between each structure.

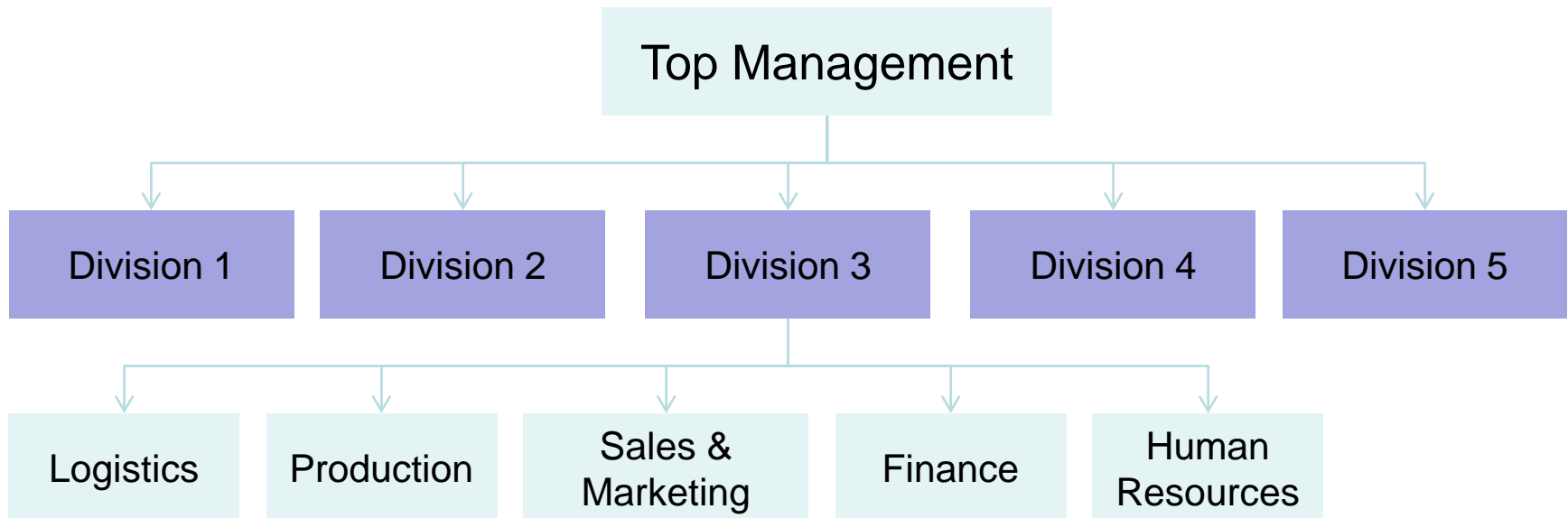
Structure follows strategy 1

Strategic Posture	Emphasis	Market Focus	Structure and Process	Technology
Defenders (i.e. market leader, stable market) 	Stability and efficiency	Maintain a small niche	Mechanistic: hierarchical, centralized and control	One core highly cost-efficient technology
Prospectors (i.e. new market or entering new market) 	Pioneering changes and innovation	Aggressively explore and exploit new market opportunities	Organic: informal, decentralized and flexible	Contingent, multiple, prototypical technologies; low degree of routinization and mechanization

Structure follows strategy 2

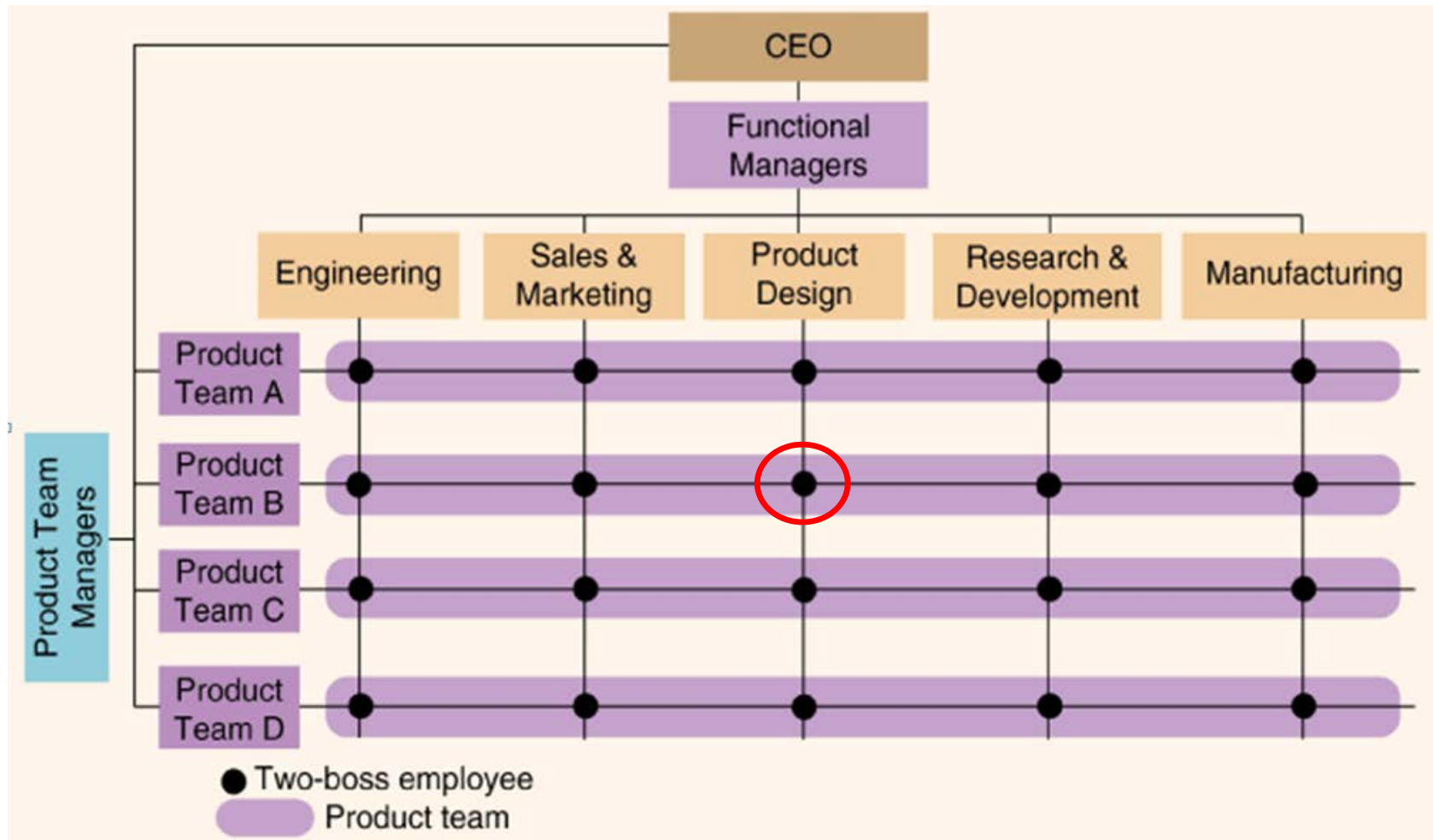
Strategic Posture	Emphasis	Market Focus	Structure and Process	Technology
Analyzers (conservative expansion; defend existing market (Intel?) 	Balanced: minimized risks and maximize profits	Defend core business while cautiously exploit proven new markets by imitating Prospectors	Matrix organization – coalition between core functions	Dual core with emphasis on applied research
Reactive (Headless Chicken mode! Fashion follower)	Reluctant to act due to instability and uncertainty	Unsure	Maintain whatever structure is in place; often a weak link with strategy, which is unclear	Unsure

A Divisional Structure



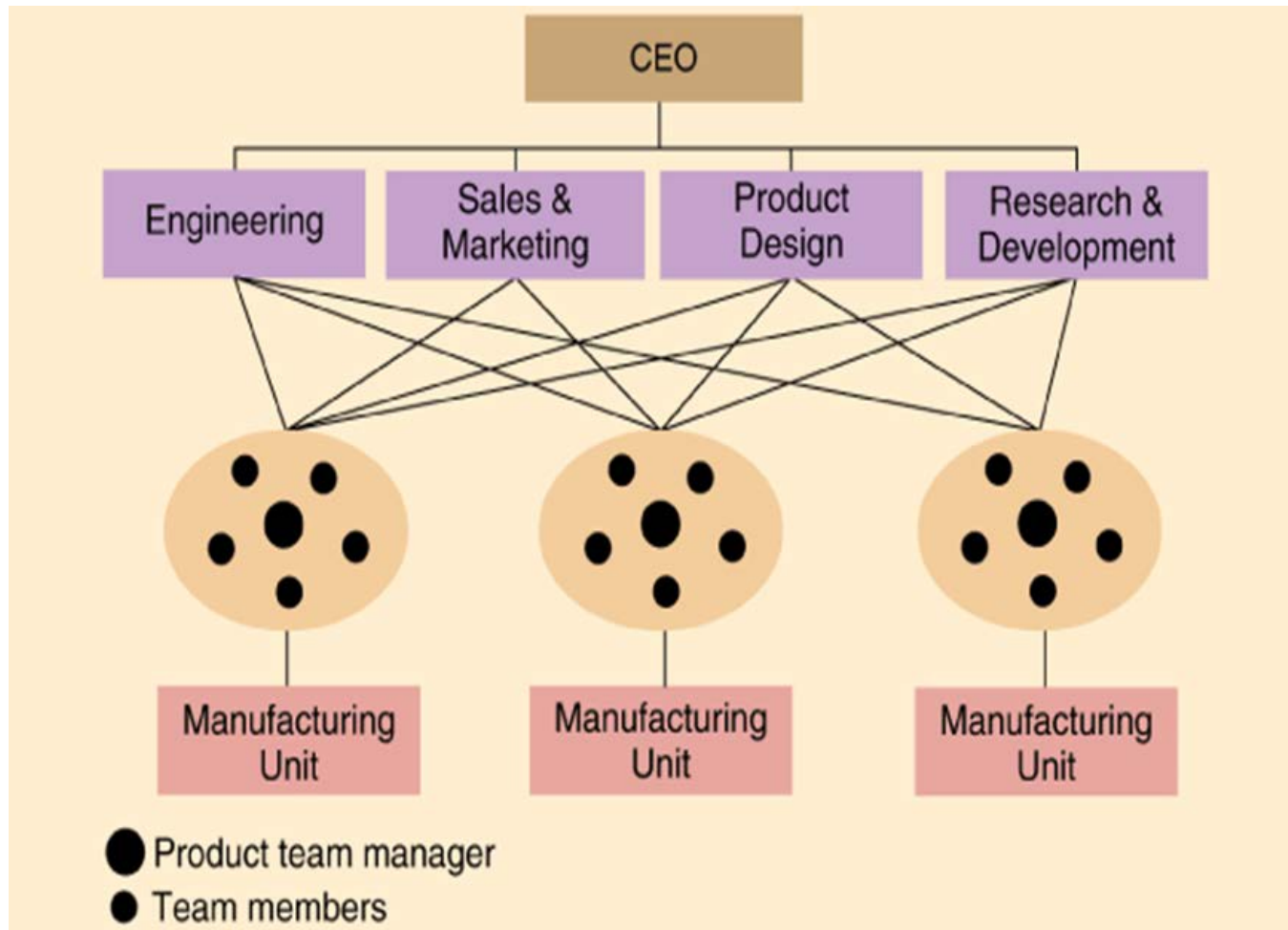
- Each division is organized according to products, customer groups or different geographical areas, etc.
- Each division a **self-contained and autonomous entity**.
Decentralizes decision-making responsibilities in product offerings, marketing strategy, and business strategies of responsible area(s).

A Matrix Structure



- A grid-like organizational structure that addresses multiple business dimensions using multiple command structures.
 - Each member directly reports to two supervisors.
- Aims to realize the benefits of integration and responsiveness.
 - Attempts to coordinate and integrate functional, product and area responsibilities.
- Members from individual functions come together to work on a particular product/ market/ project; stresses the importance of a common focus via frequent interchanges and collaboration.

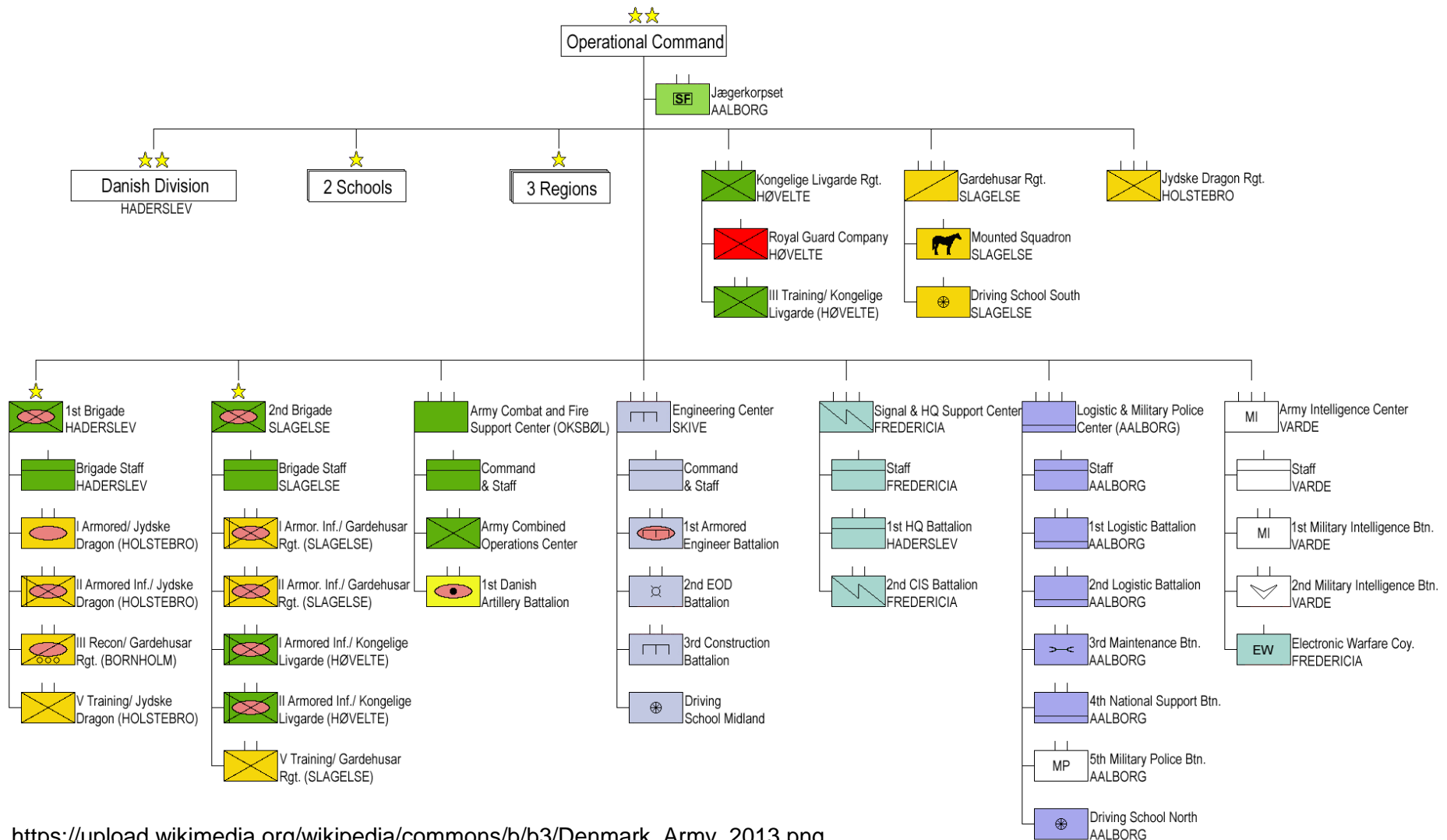
Team-based structure



- Different Types of Structures Have Their Pros and Cons.
- Organisational structure **SHOULD NOT** be static.
- Innovative thoughts in (re-)structuring the organisation are required to achieve a right fit with strategy and other factors to promote innovation in products, processes and services.

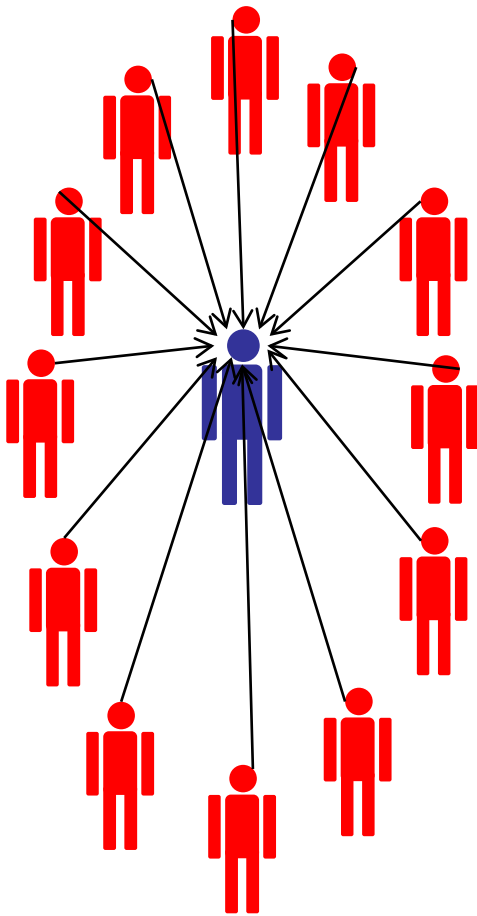


Danish Army: How do you think they are organised?

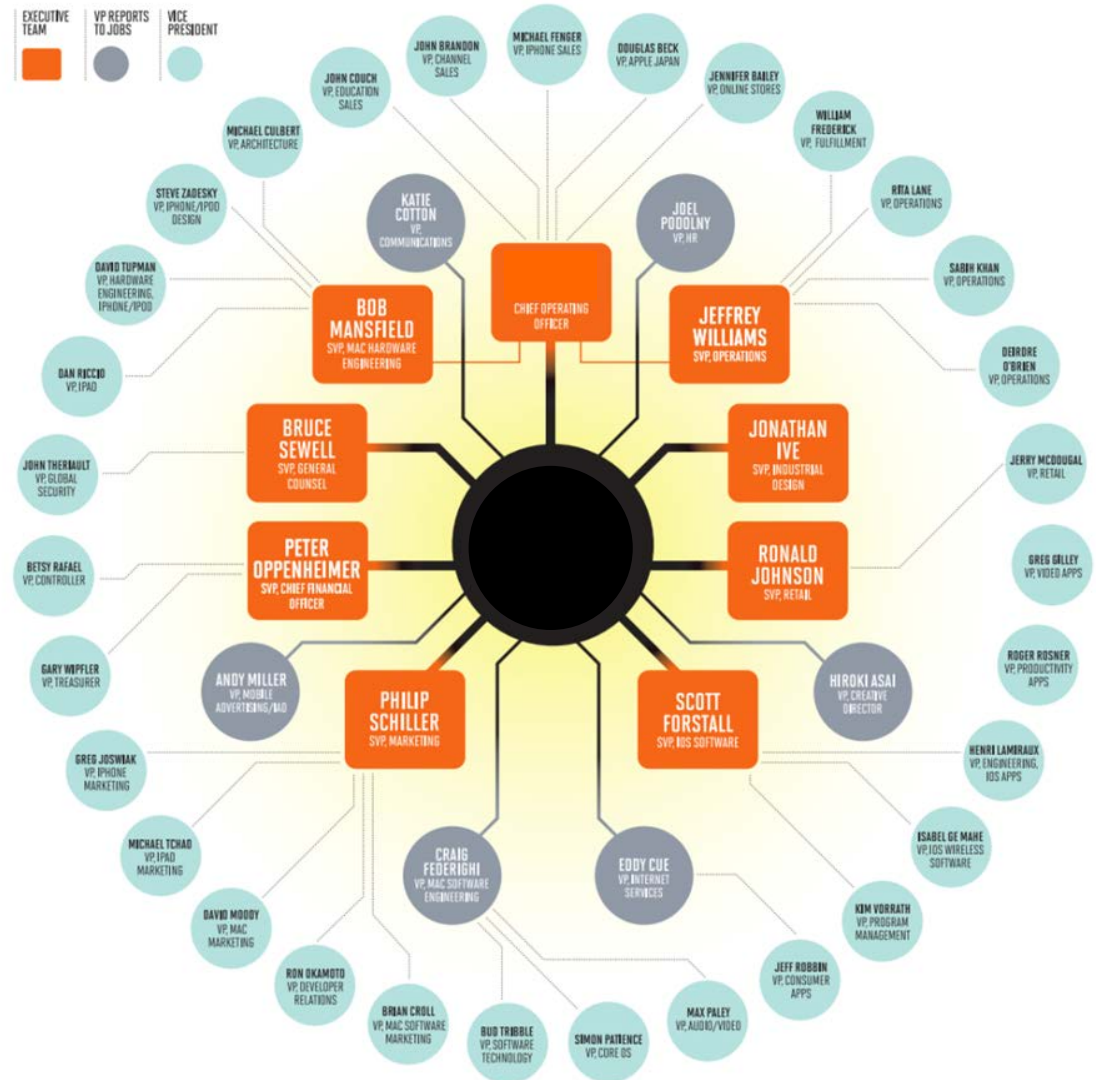




Who is this company?



Simple Entrepreneur Structure



- Read the following:



- How Apple works: Adam Lashinsky; Fortune magazine, 23 May 2011



- How to move from flat to functional: Bolander, J: 2010: The Daily MBA

- Prepare a written critique of the Apple article (250 words)

1. How does this structure work for a large corporation?
2. Is the Apple structure really flat? Is there a better description?
3. Compare structure to a new start-up as described in Bolander article

- Attend the discussion session and be prepared to argue your views with the class

Skim

Read

Understand

Critique