

TEAM 1
CASE APPLICATION

ASK CHUCK

1. Describe and evaluate what Charles Schwab is doing.

Although Charles Schwab's services have expanded into different categories such as financial research, advice, and planning. The corporation still focus on its primary business - making stock trades for investors who make their own financial decisions. Which is a good sign, because an overly-focused on making money rather than focusing on its core competence can easily distract the firm from its goals, and eventually lead the firm into financial trouble.

Charles Schwab also doing an excellent job at the customer services aspect. In the case, we can clearly see that Cheryl Pasquale uses the information system to monitor the six financial consultants, in order to ensure that they are meeting the needs of the costumes.

2. How might the company's culture of not buying into hype and not taking excessive risks affect its organizational structural design?

Staying out of hype & excessive risks can help to develop a simple organizational structure design with low departmentalization, wide spans of control, centralized authority, and little formalization. This structure is fast, flexible, inexpensive to maintain and has a clear accountability. However, this one is not appropriate as organizations grow, and reliance on one person is risky.

3. What structural implications—good and bad—might Schwab's intense focus on customer feedback have?

The pros of intense focus on customers feedback can allow employees to put effort into building better relationships with the costumes in order to improve the costumer's satisfaction. And the more satisfied your customer the more profit you will gain. This also illustrates a flexible structure that the corporation is having in order to adapt to the needs of their costumes.

However, this strategy requires a lot of time and energy. Paying to much attention to the costumers can constrain Charles Schwab from its competitive advantage which is to keep stock transactions low.

4. Do you think this arrangement would work for other types of organizations? Why or why not?

This type of customer focus would not work well for firms that operate on a thin margin. For instance, firms that operate in the maturity phase of the industry life cycle will focus on keeping production costs as low as possible, focusing on an expensive arrangement like customer-focused is not feasibility.