*Problem Faced by Appex*

Appex’s current organizational structure leads to a lot of division among employees, in turn preventing productivity

*Industry Competitive Analysis*

Mission Statement: The goal of Appex is to provide excellent customer service for a wide variety of services tailored customer needs

Generic Strategy: General strategy is Differentiation. Appex originally was divided into two major divisions that had several services provided under each branch. Since that original focus the company has broken down into even more divisions that all provide different services for overlapping customers. This would lead itself into trying to cover as many bases as possible under each business service they provide, and in turn try to get customers to rely on them for multiple needs.

Porter’s 5 Forces (*Michaux)*:

1. Competitive Rivalry – High, the core services are tied to actual service providers and Appex simply manages several processes offered by the services. The customers can reach out to other companies for individual services even if they don’t provide every service provided by Appex.
2. Supplier Power – Low, there isn’t much for Appex to purchase so suppliers have no real power over them, the few things they need they can get anywhere.
3. Buyer Power – High, with only a few cell providers if they go to another information management company it would be hard to replace the customer
4. Threat of Substitution – High, in technology things change rapidly and another company could easy develop an easier more efficient method and become an issue for Appex
5. Threat of New Entry – Low, the services are so vast, and you need a large company to provide them all and be competitive. For a new company to enter the market it would be very difficult.

Value Chain vs Value Shop: Value shop with services tailored to their customers and customer service being the overall goal

Organizational Structure: The current structure of Appex is Divisional with strong boundaries between departments with a rigid chain of hierarchy and path of reporting

*Stakeholders*

The stakeholders in the success of Appex are the Appex employees with Appex being their livelihood. Appex customers because they are typically with a company like Appex for long contract periods and if their services are impacted by Appex’s low performance they could also in turn lose customers. Stockholders due to their own financial investments in Appex.

*Actions & Effects*

1. Do Nothing: In this scenario the company will continue to change every 6 months following a divisional structure due to the original request to present “traditional” structure to a rather informal company. If they continue down this road I don’t see them being able to stay competitive in the marketplace. In the poor communication between teams due to them being departmentalized (*Cash, 104)*  it will take longer for information to be shared and decisions to be made either allowing other companies to grow past them or for Appex to slowly deteriorate, (*Cash, 109)*
2. Change to a Matrix Organizational Structure: If the company were to change to a Matrix structure, they could break down the walls that lead to poor communication between departments. Instead, they would be able to break those departments into teams for individual customers. This would also take advantage of the fact the general attitude of the company is that people define with their roles or professions (*Cash, 110)* . I believe this would help the customers to have better and more personalized attention and care for their issues. Overall, the stockholders and customers would also be secure.
3. Do Nothing but don’t change in 6 months, This is a scenario where instead of changing the structure of the company again in 6 month they establish that this is how it will stay. Under these circumstances the company would have to break down the culture of the company as it stands. Training out the mentality of departments needing to compete and foster a more company first view. This would be extremely unlikely to work due to the nature of the work and need to continue evolving and tackling new development. Most likely this leads to people leaving the company and eventually having Appex deteriorate and customers possible losing their own customers.

*My Choice*

My choice would be to pursue option 2 and change the organizational structure to a Matrix form. The informal structure of the company was already strong presenting itself as one with employees that identify as their role and not as a member of a diverse team. The fast paced development of technology would lead to new needs of the cell companies and therefore a need for Appex to evolve just as quickly, a matrix form is the one most lending to the idea of constant change. With a flow of customer service needs coming in you may have new issues to tackle and therefore a new method to go through, The method of work here would do better under an exception driven method (*Cash, 105)*  as attempting to turn departments into units of routine would lead to a standstill on progress. As the issues that require flexibility come in the productivity would slow down, this was demonstrated when the company was spending too much time “firefighting”.

Cash, J. I. (1994). *Building the information-age organization: Structure, control, and information technologies*. Irwin.

(104) Cash described the difference between departmentalized and differentiated division of labor

(109) Cash describes a Divisional Form org structure and the features it possesses

(110) Cash describes a Matrix Form org structure and the features it possesses

(105) Cash describes the difference between routine and exception driven methods of work

Michaux Stéphanie, Cadiat, A.-C., & Probert, C. (2015). *Porter's five forces*. 50Minutes.com.