## Organizational Structures

The following is a list of organizational structure types.

### Circular

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| --- | --- |
| While it might appear drastically different from the other organizational structures, the circular structure still relies on hierarchy, with higher-level employees occupying the inner rings of the circle and lower-level employees occupying the outer rings. |  |

### Customer focused

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| --- | --- |
| Certain industries will organize by customer type. This is done in an effort to ensure specific customer expectations are met by a customized service approach. |  |

### Divisional focused

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| --- | --- |
| Larger companies that operate across several horizontal objectives sometimes use a divisional organizational structure. Under this structure, each division essentially operates as its own company, controlling its own resources and how much money it spends on certain projects or aspects of the division. |  |

### Geography focused

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| --- | --- |
| Additionally, within this structure, divisions could also be created geographically, with a company having divisions in Freedonia, Upper Slobovia, Lower Slobovia, etc. |  |

### Market focused

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| --- | --- |
| Another variety of the divisional organizational structure is the market-based structure, wherein the divisions of an organization are based around markets, industries, or customer types. |  |

### Product focused

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| Another common structure is to be organized by a specific product type. Each product group falls within the reporting structure of an executive and that person oversees everything related to that particular product line. |  |

### Flatarchy

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| Blending a functional structure and a flat structure results in a Flatarchy organizational structure, which allows for more decision making among the levels of an organization and, overall, flattens out the vertical appearance of a hierarchy. |  |

### Functional

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| The functional structure is based on an organization being divided up into smaller groups with specific tasks or roles. Common departments such as human resources, accounting and purchasing are organized by separating each of these areas and managing them independently of the others. |  |

### Matrix

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| --- | --- |
| This is a blend of the functional organizational structure and a productized or projectized organizational structure. In the matrix structure, employees may report to two or more bosses depending on the situation or project. A matrix structure provides for reporting levels both horizontally as well as vertically. Employees may be part of a functional group (i.e. engineer) but may serve on a team that supports new product development (i.e. new album). This kind of structure may have members of different groups working together to develop a new product line. |  |

### Network-based

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| --- | --- |
| A network structure is often created when one organization works with another to share resources -- or if one organization has multiple locations with different functions and leadership. You might also use this structure to explain workflows if much of the staffing or services is outsourced to freelancers or multiple other businesses. |  |

### Process-based

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| Process-based organizational structures are designed around the end-to-end flow of different processes, such as "Research & Development," "Customer Acquisition," and "Order Fulfillment. |  |

## Lines of Authority and Communication

People need to communicate with each other, and within every group some type of leadership structure needs to exist. Here are the six common elements of leadership and communication found in most organizations.

### Lines of authority

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| --- | --- |
| Line of authority (or chain of command) that defines who reports to whom within each organizational structure. This is the bedrock element of all organizational structures. The line of authority can be short (a Flatarchy is the shortest of all), or it can be pretty lengthy (such as within large divisional and geographic structures). |  |

### Span of control

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| --- | --- |
| Span of Control, or the ratio of subordinates to superiors. The higher the ratio of subordinates to superiors, the wider the span of control. |  |

### Centralized or Decentralized decisions

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| --- | --- |
| If decision-making power is concentrated at a single point, the organizational structure is centralized. |  |
| If decision-making power is spread out, the structure is decentralized. | A picture containing sushi  Description automatically generated |

### Specialization

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| --- | --- |
| A high specialization division of labor can be beneficial for an organization, as it allows employees to become “masters” in specific areas, increasing their productivity as a result. |  |
| However, low specialization allows for more flexibility, as employees can more easily tackle a broader array of tasks (as opposed to being specialized for a single task). |  |

### Communication formality

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| --- | --- |
| A formal organizational structure seeks to separate the individual from the role or position, as the role or position stays the same regardless of who’s holding it. | A picture containing sushi  Description automatically generated |
| An informal organization, on the other hand, places more value on the individual. It allows for the evolution of a role or position based on an individual’s preferences, skill set, etc., and places less importance on what team or department that individual is part of. | A close up of a sign  Description automatically generated |

### Departmentalization

|  |  |
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| If an organization has rigid departmentalization, each department or team is highly autonomous, and there is little (or no) interaction between different teams. |  |
| In contrast, loose departmentalization entails that teams have more freedom to interact and collaborate. |  |

## Draw your organizational structures

Line of Authority Narrow Broad

Span of Control Narrow Broad

Decision Making Centralized Decentralized

Specialization Low High

Communication Loose Formal

Departmentalization Loose Rigid

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## Compliance Awareness Plan

Our organization is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ departmentalized with communication between groups being \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Given the organizational structure(s) and lines of authority and communication we have in our organization, the *easiest* group to communicate with first will be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The lines of authority within this group are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ focused and the decision-making is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The span of control within this group is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and therefore, when dealing with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ I will be able to directly reach out to \_\_\_\_\_\_\_\_\_ additional people who are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_’s direct reports.

Specialization within this group is \_\_\_\_\_\_\_\_\_\_\_\_\_\_ and therefore I will/will not need to divide the compliance requirements found in their documents into specialized-focused sections.