

# Strategic Management

## Organising & Enabling

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# About me

- Senior Fellow at the University of Southampton
- 12 years lecturing experience
- Research Active
- Certified Management Consultant
- 12 years experience as a manager in Engineering Companies

# Learning Outcomes

- Evaluate different organisation structures
- Analyse resources for executing strategies
- Discuss the balanced scorecard

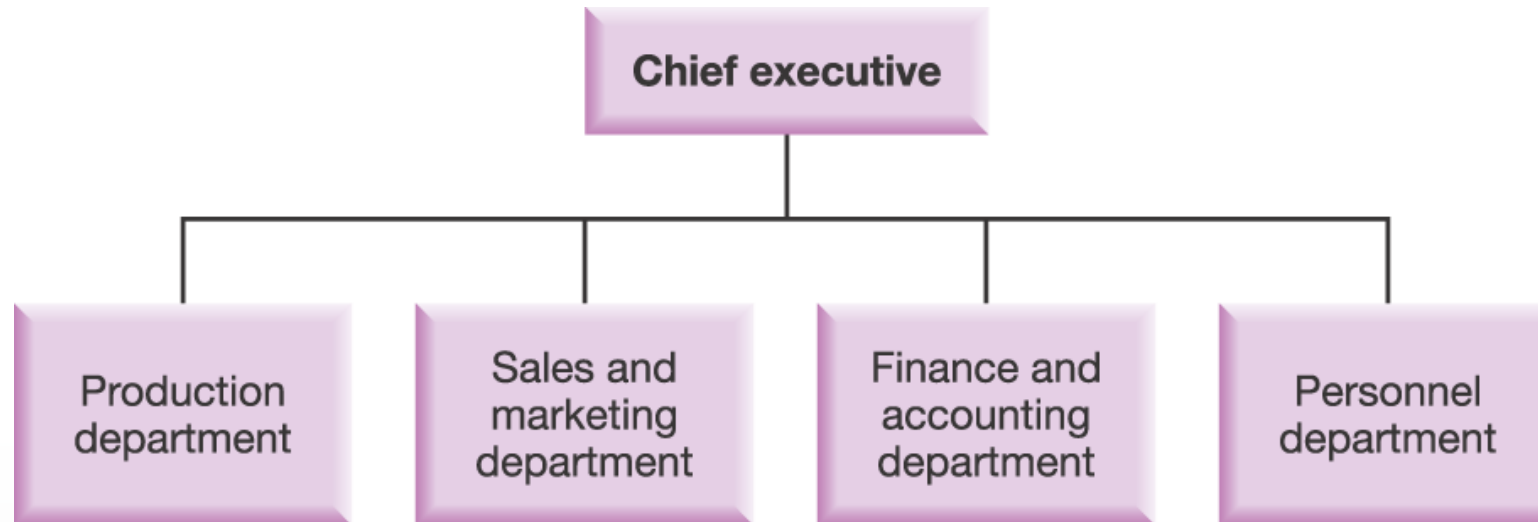
# Organisational Structure

- Organisational structure describes:
  - Who is responsible for what
  - Patterns of communication and knowledge exchange
  - Skills required to move up the organisation
- Types of structure
  - Emphasis on structural dimensions
    - Functional; Multidivisional; Holding
    - Matrix; Transnational; Team; Project

# Organisation Design

- Challenges shaping structure
  - Organisational size
  - Extent of diversification
  - Type of technology
  - Control
  - Change
  - Knowledge
  - Globalisation

# A Functional Structure



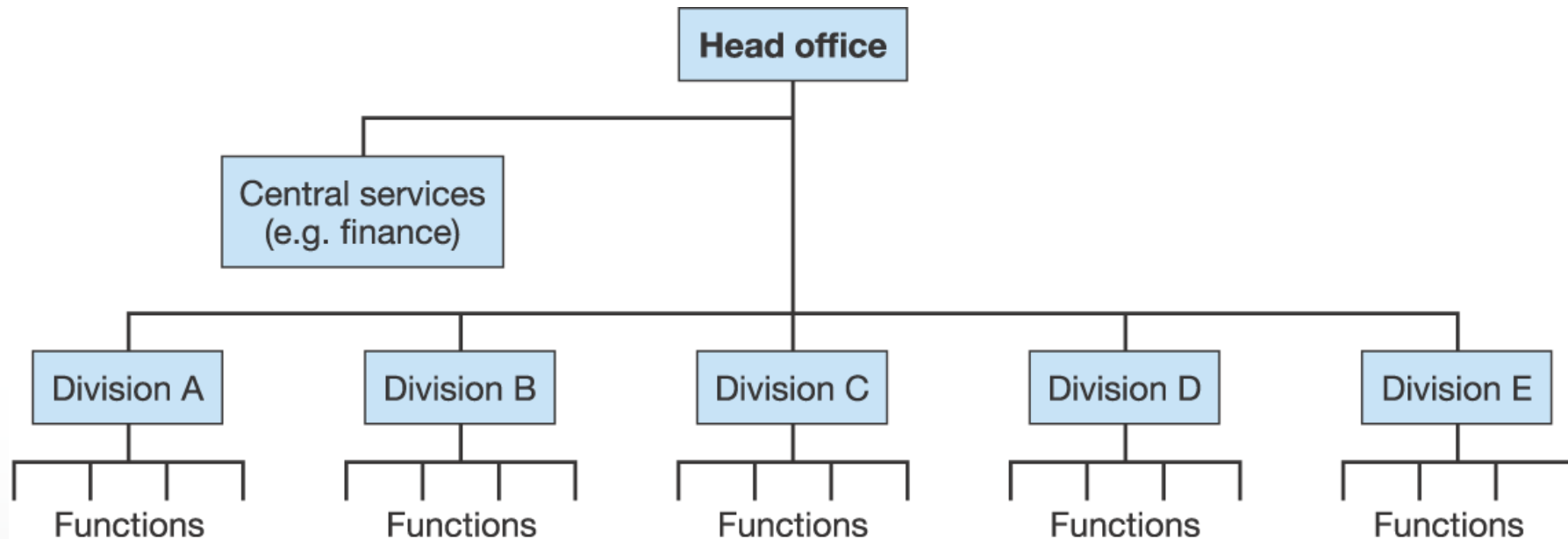
## Advantages

- Chief executive in touch with all operations
- Reduces/simplifies control mechanisms
- Clear definition of responsibilities
- Specialists at senior and middle management levels

## Disadvantages

- Senior managers overburdened with routine matters
- Senior managers neglect strategic issues
- Difficult to cope with diversity
- Co-ordination between functions difficult
- Failure to adapt

# A Multidivisional Structure



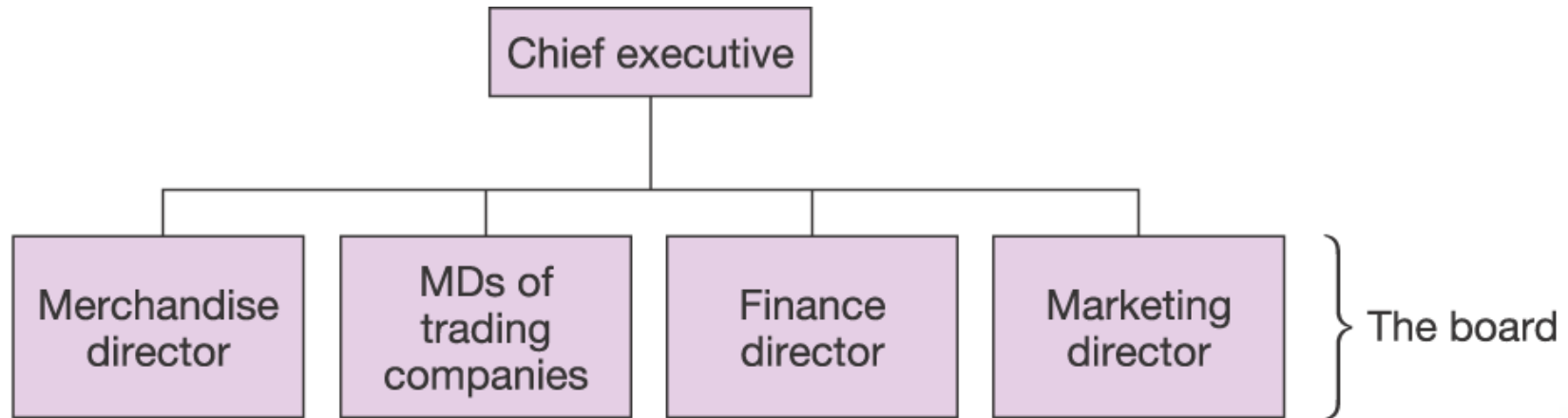
## Advantages

- Flexible (add or divest divisions)
- Control by performance
- Ownership of strategy
- Specialisation of competences
- Training in strategic view

## Disadvantages

- Additional costs of the centre
- Duplication at divisional level
- Fragmentation and non-co-operation

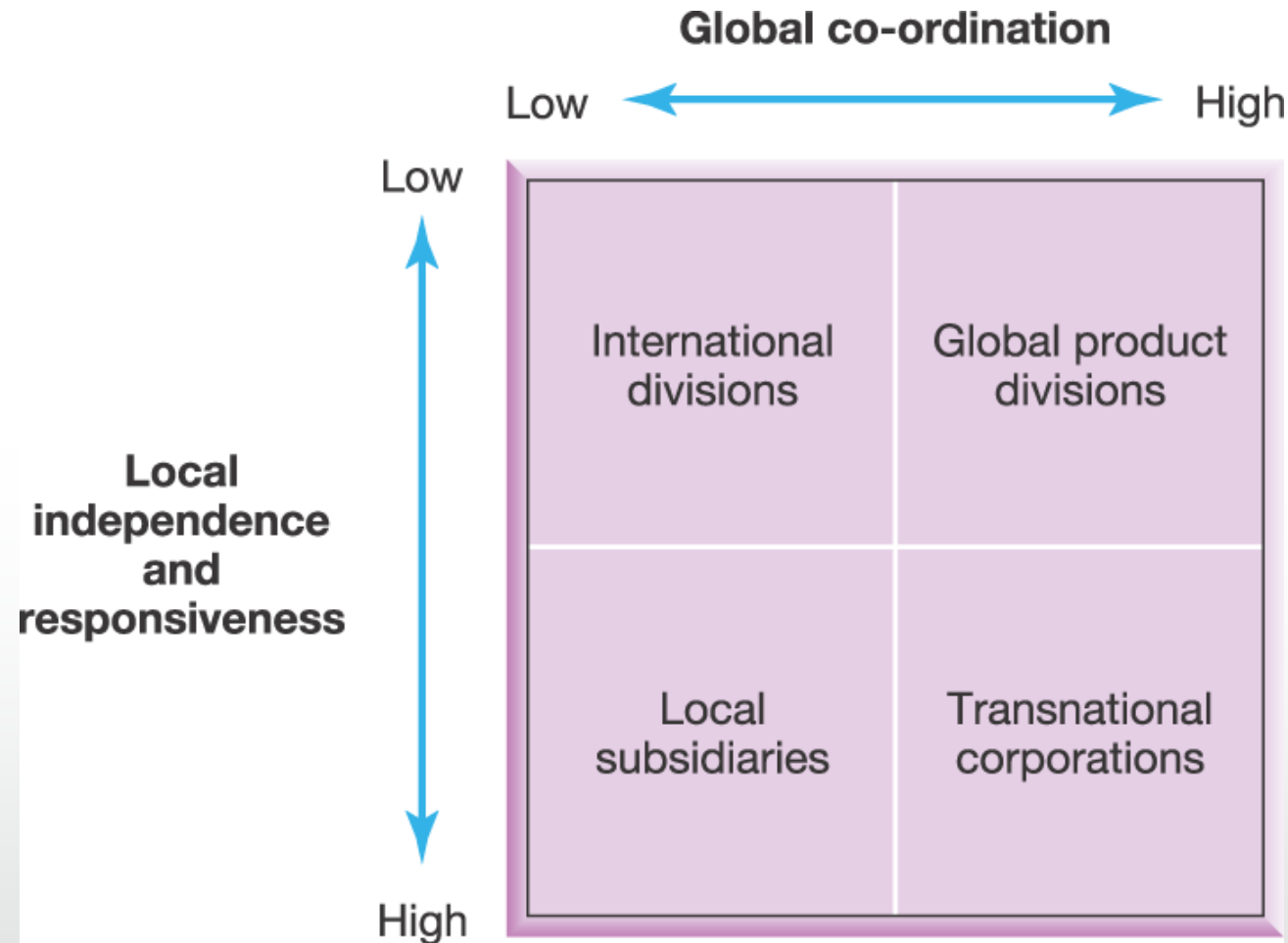
# A Multinational Matrix Structure



**(a) Multinational organisation**



# Multinational Structures



Source: Reprinted with permission of Harvard Business School Press. Adapted from C. Bartlett and S. Ghoshal, *Managing Across Borders: The transnational corporation*, 2<sup>nd</sup> edition, Random House, 1998. Copyright © 1998 by the Harvard Business School Publishing Corporation; all rights reserved.

Exhibit 8.5

# Team-based Structure

- Combines both horizontal and vertical co-ordination through cross functional teams
- Often built around business processes
- Contains mixture of specialists
- Advantages
  - Good for knowledge sharing
  - Flexible
  - Highly motivated
- Disadvantages
  - Complexity
  - Difficulties of control
  - Problems of scaling up

# Project-based Structure (1)

- Teams created, undertake the work, then dissolved
- For large expensive items or limited time events
- Constantly changing organisational structure
  - Collection of project teams
  - Created and steered by small corporate group
- Set up ad hoc taskforces
  - for new elements of strategy
  - to provide momentum

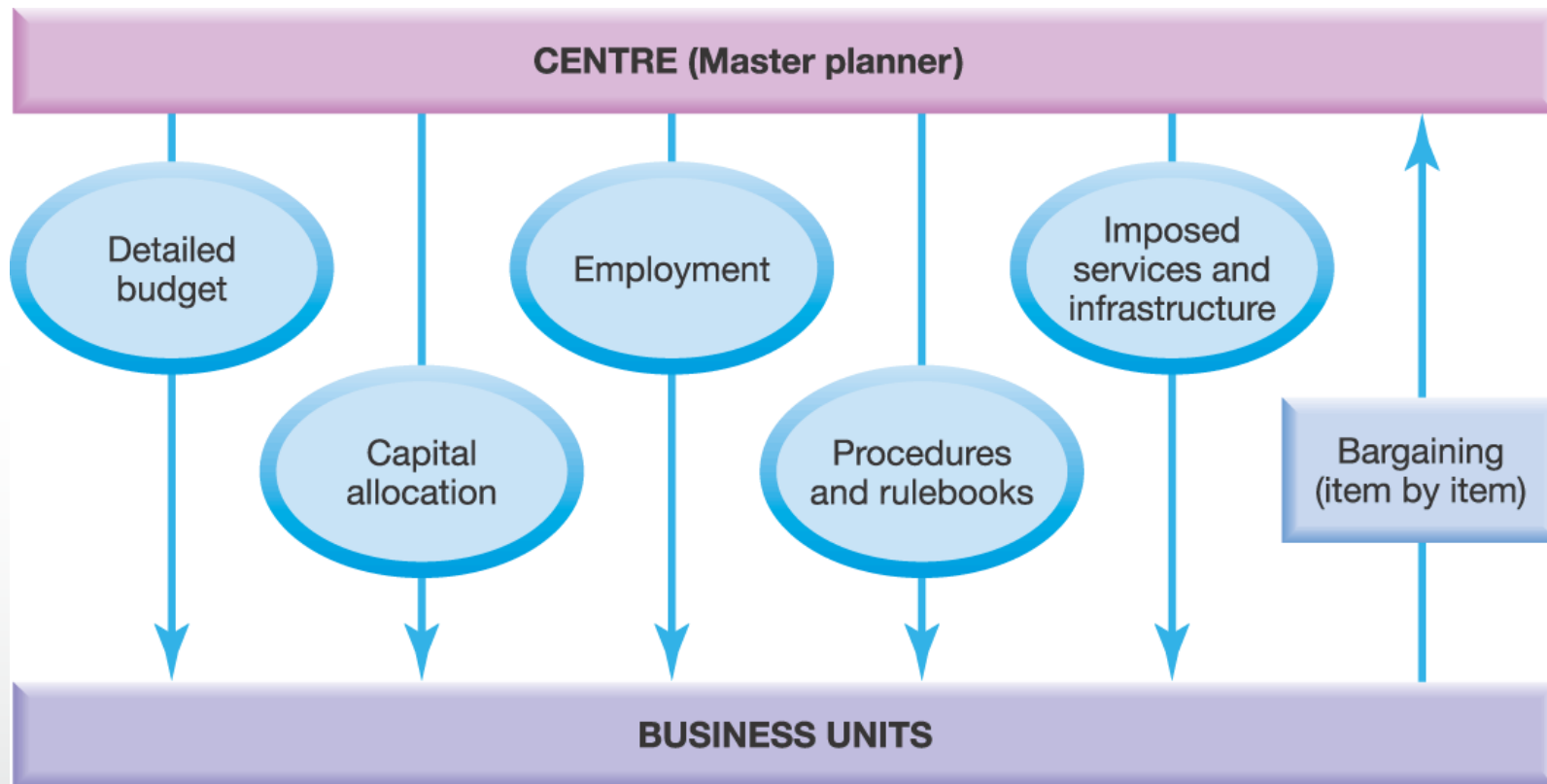
## Project-based Structure (2)

- Advantages
  - Flexible
  - Good accountability and control (clear tasks/defined time)
  - Effective knowledge exchange
  - Attract international members due to short project times
- Disadvantages
  - Possible lack of coordination
  - Proliferation of projects
  - Breaking up teams hinders knowledge accumulation

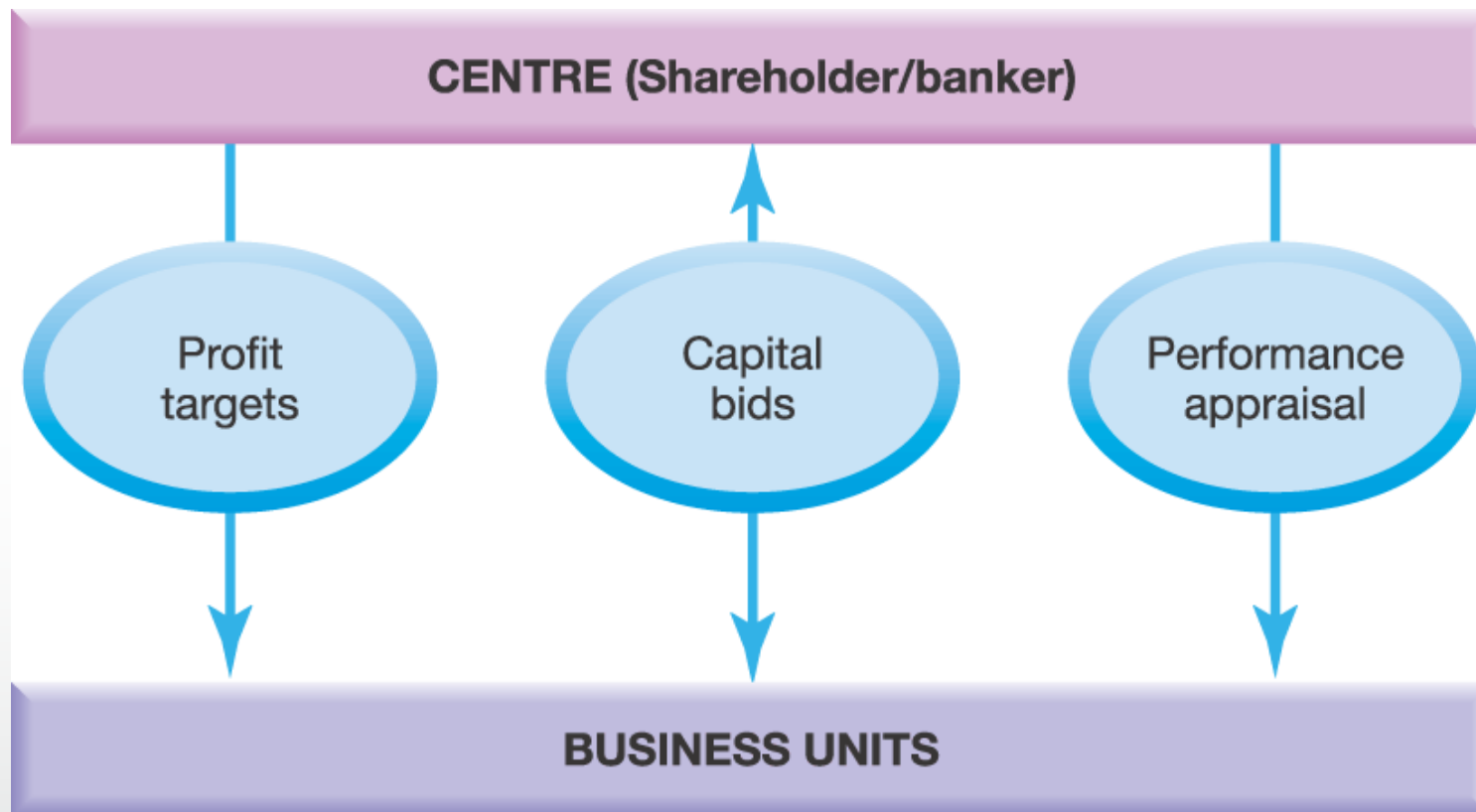
# Example: General Electric

- <http://www.ge.com/ar2010/index.html#>

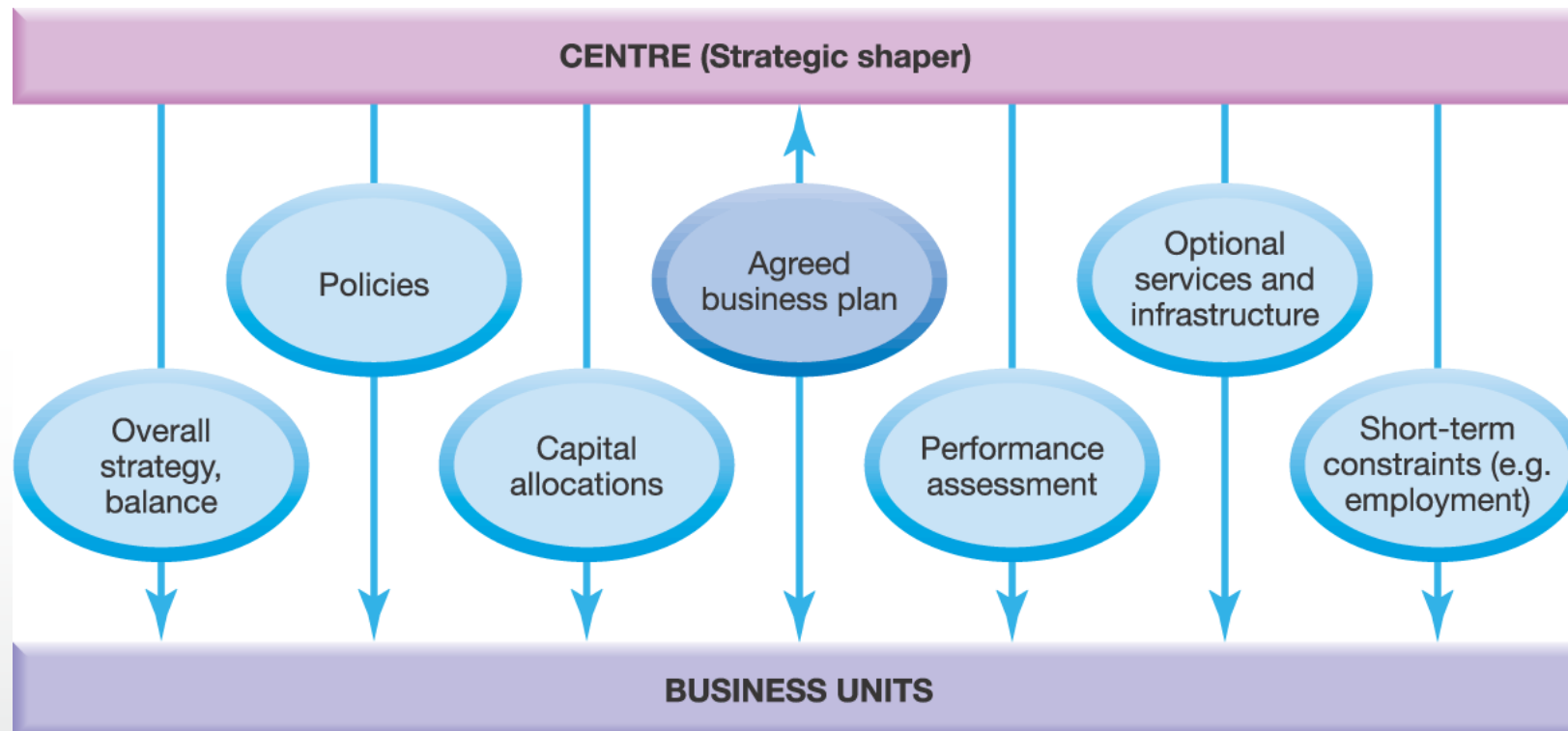
# Strategic Planning



# Financial Control

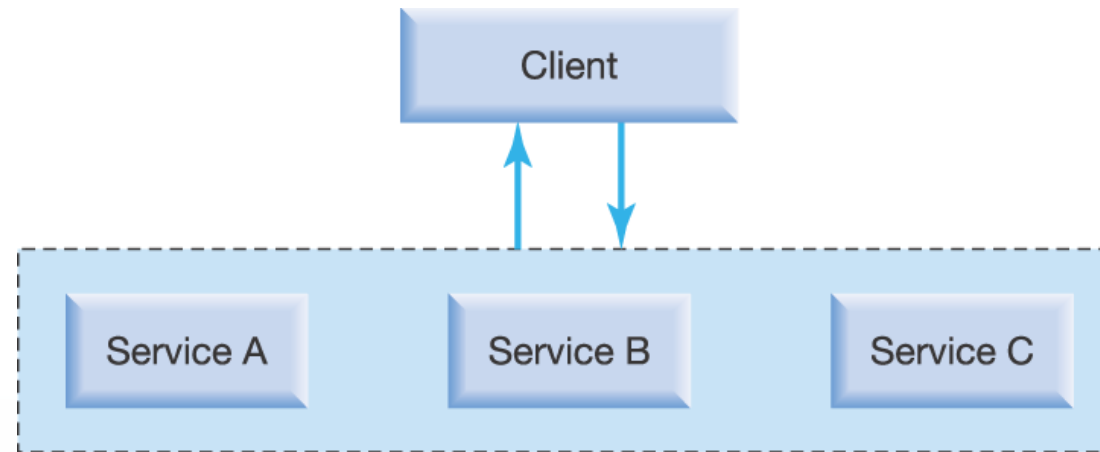


# Strategic Control

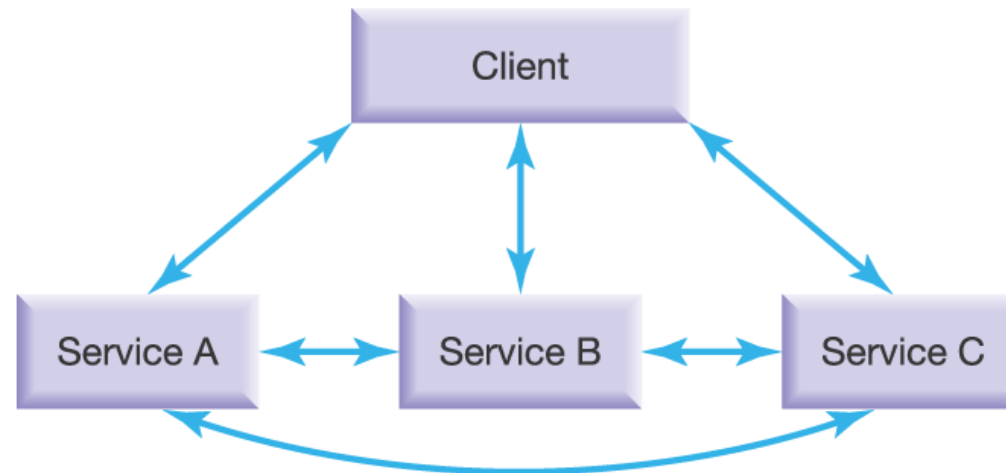




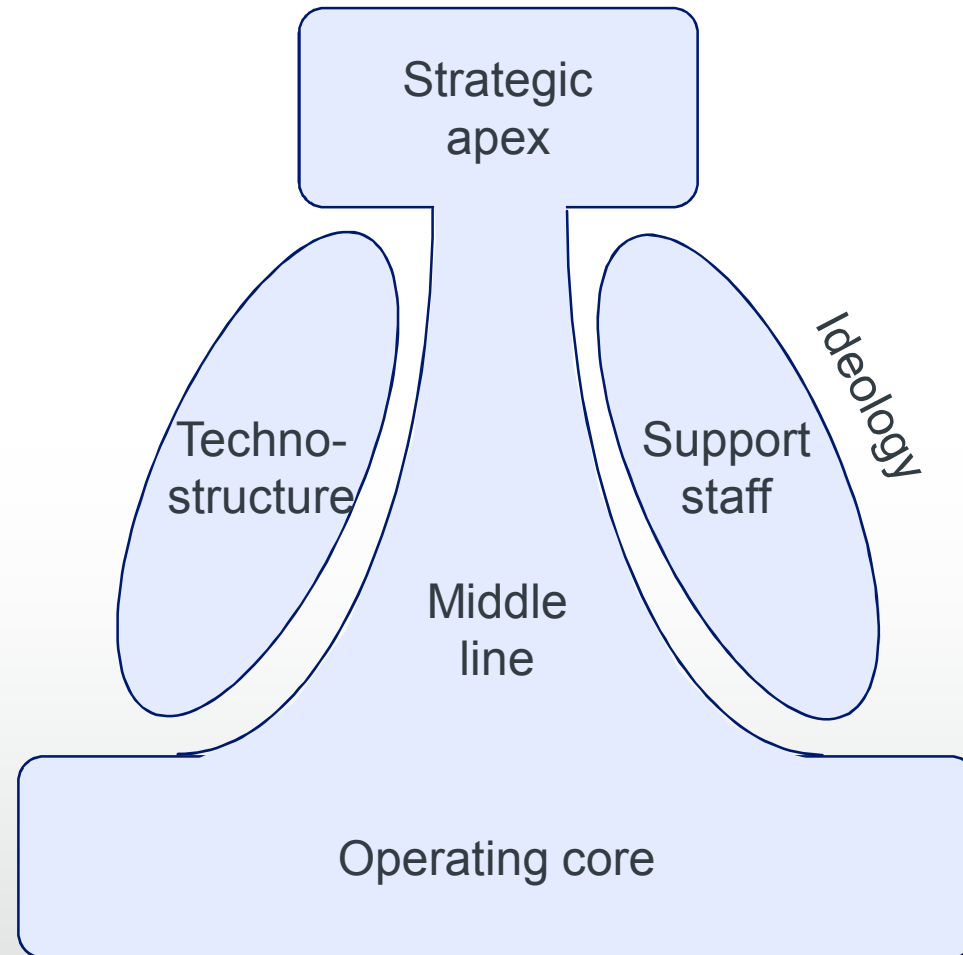
# 'Joined up' services: Smoothing the Network



**(a) One-stop shop**

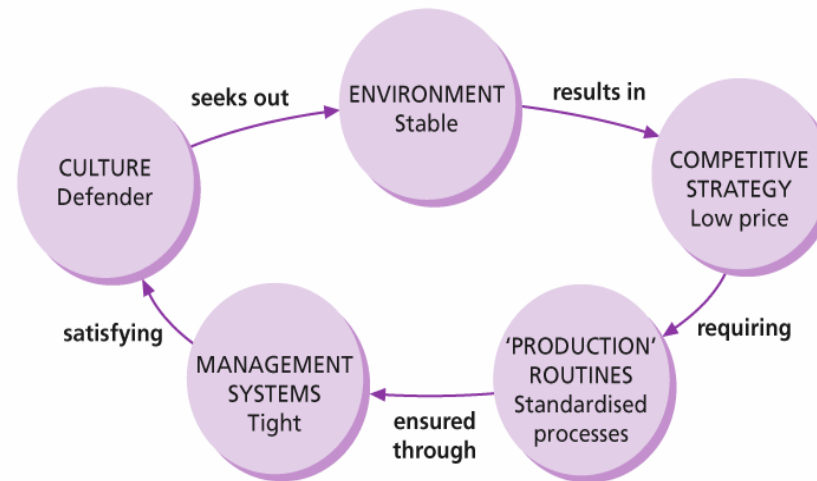


**(b) Service network**

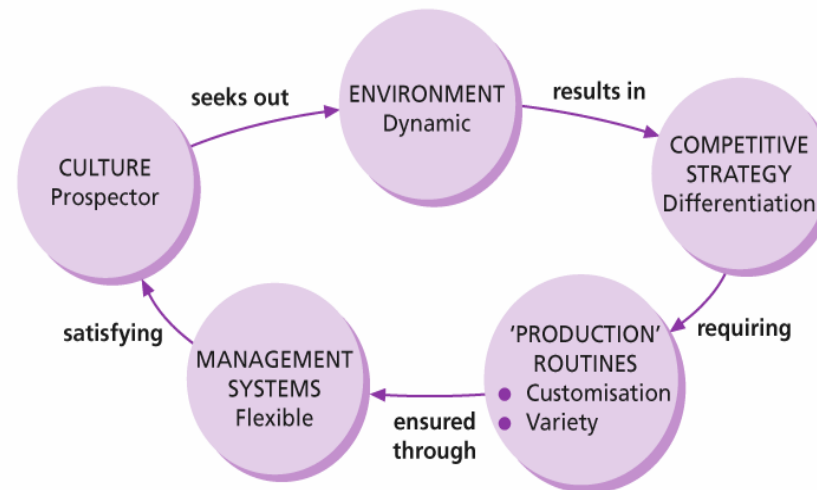


**Exhibit 9.13 The six building blocks of organisations**

Source: H. Mintzberg, *The Structuring of Organisations*, Prentice Hall, 1979



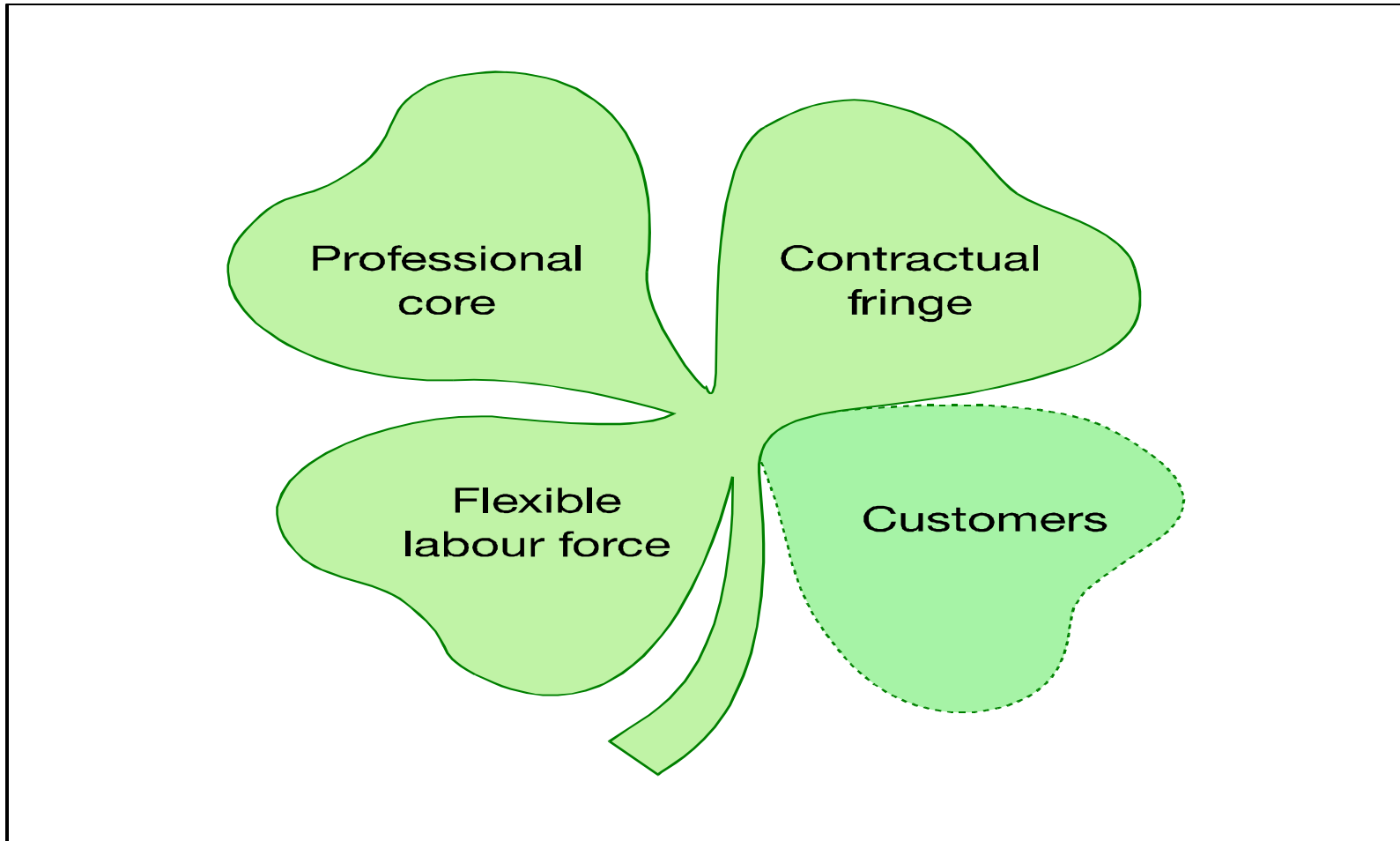
(a) Machine bureaucracy



(b) Adhocracy

**Exhibit 9.14** Reinforcing cycles: two examples

# The Shamrock Organisation



(Handy, 1989)

# Strategy and Structure

- ‘Structure follows strategy’ (Chandler 1962)
  - Adapt the organisation according to the strategy
- ‘Strategy follows structure’ (Hall & Saias 1980)
  - Existing organisational structure determines strategic opportunities
- ‘Structure follows strategy as the left foot follows the right’ (Mintzberg 1990)
  - Reciprocal relationship

# Enabling strategic success



# Strategy and People



Exhibit 9.2

# Strategy and Information

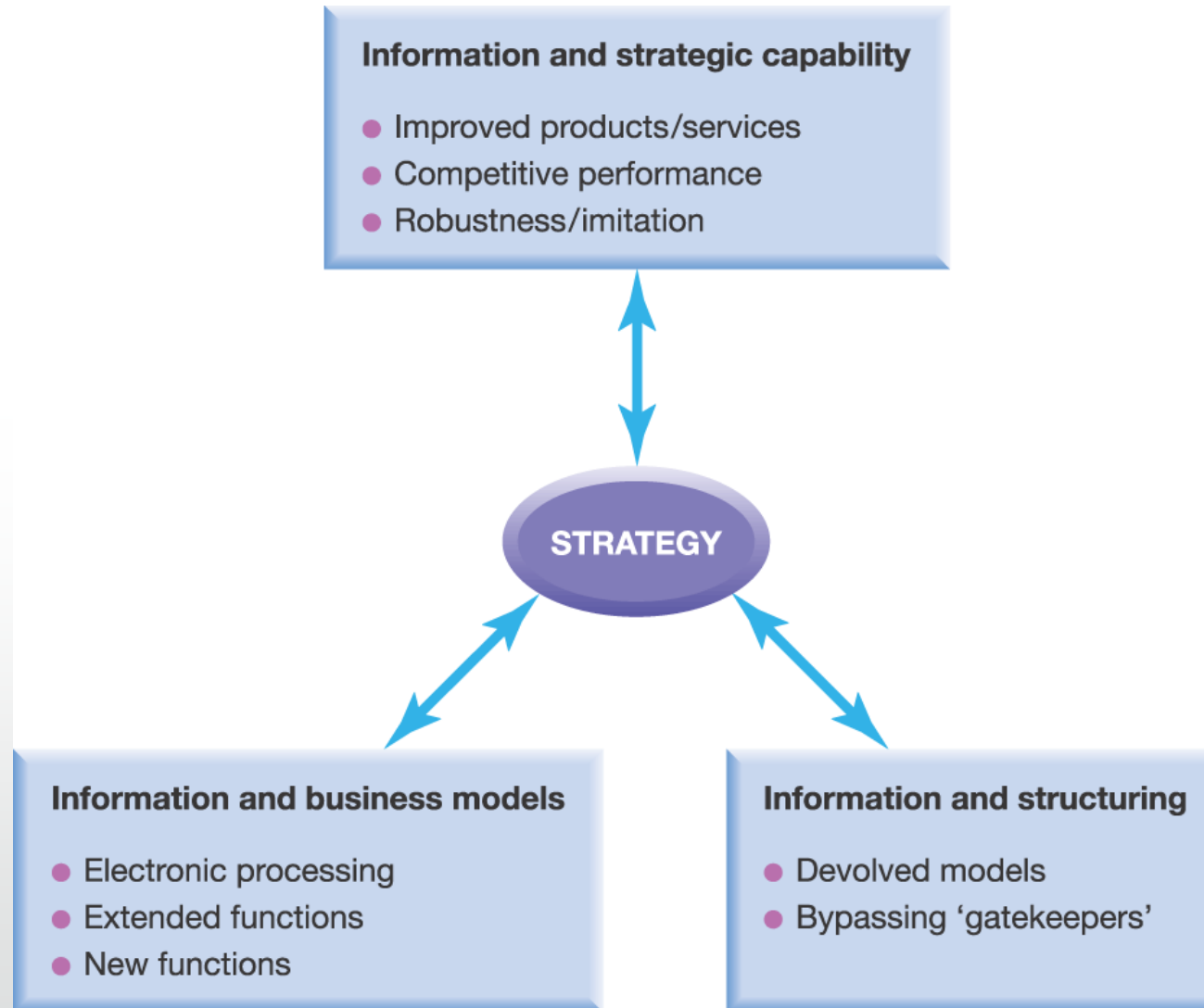


Exhibit 9.4



# Financial Expectations of Stakeholders

- Institutional shareholders
  - Pressures to maximise short term earnings
- Bankers (loan providers)
  - Risk and competence
- Suppliers and employees
  - Good prices and liquidity
- Community
  - Jobs and social costs
- Customers
  - Best-value

# Strategy and Technology

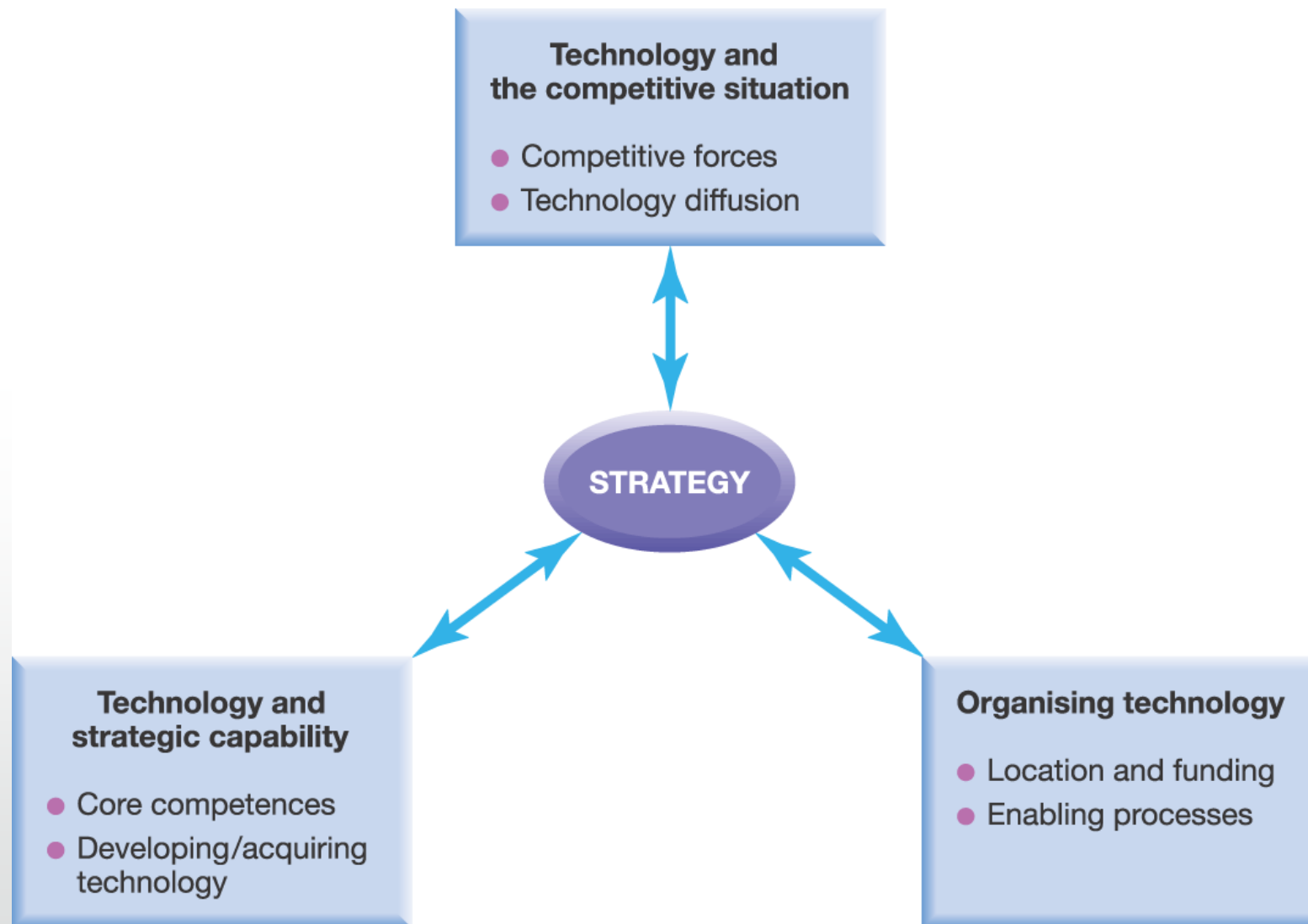
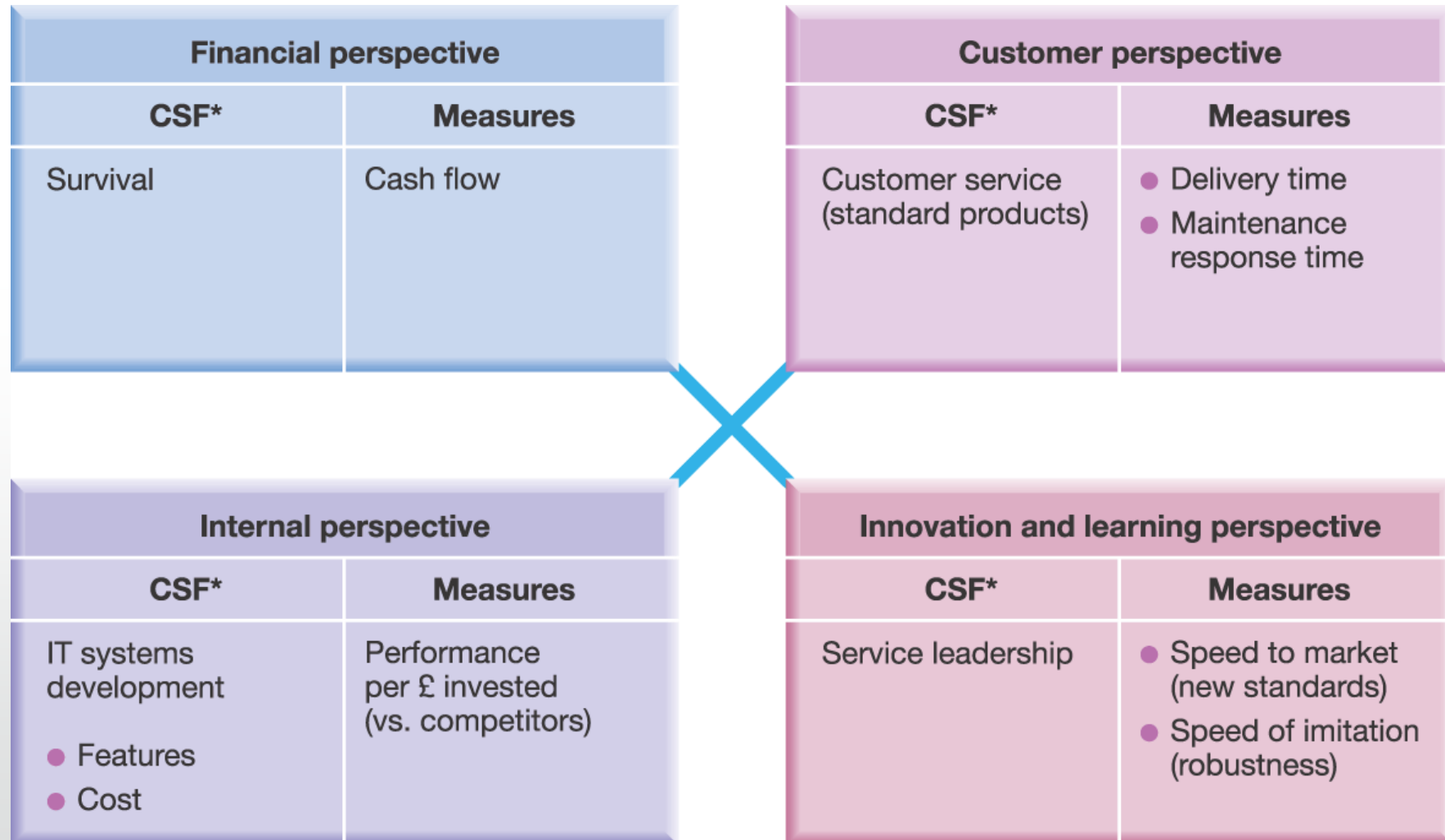


Exhibit 9.10

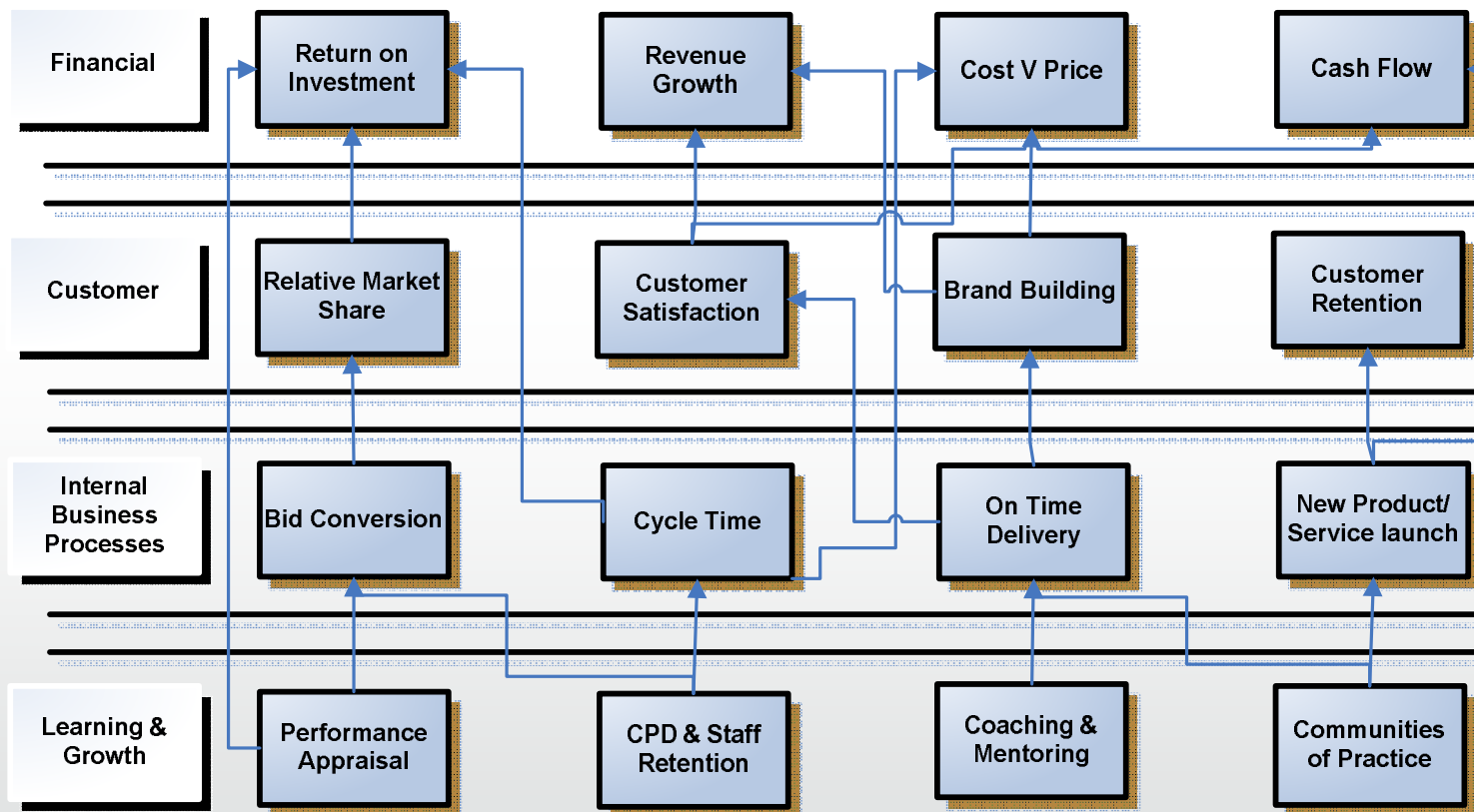
# The Balanced Scorecard – An Example

Exhibit 8.9



\* CSF = critical success factor

## An Example of a Strategy Map



Adapted from (Polkinghorne, Petford and Manville  
 2008)

# Further Reading

- Core Reading as stated in the Blue Book Lecture Schedule
- [Kaplan & Norton Paper \(1996\)](#)
- [Six Sigma Paper Antony et al. \(2008\)](#)



Thank you  
and  
Any Questions?

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