

Organizational Structure

Organizational structure properly determines the hierarchy within an organization. In other words, who reports to whom? Some companies pass on to this as the organizational chart. Types of organizational structure comprise: **functional structure**, **divisional structure**, and **matrix structure**. Divisional structure is further broken down into three sub-types: product structure, market structure, and geographic structure.

Functional structure

The functional structure groups workers together based ahead the functions of specific jobs within the organization. A typical functional structure may include:

- Vice President
- Sales Department
- Customer Service Department
- Engineering Department
- Accounting Department
- Administration Department

Divisional Structure

The divisional structure is wrecked down into three areas: product, market, and geographic.

Product Structure: Product structure groups workers together based upon specific goods produced by the company. An example of this would be a company that produces three different products, "product a", "product b", and "product c". This company would have a separate division for each product.

Market Structure: Market structure groups workers together based upon specific markets in which the corporation sells. When I worked at the ISP, we also used a figure of market structure. We sold internet access to individual clients and business customers. So the sales and customer service departments were organized using market structure. Consumer sales and consumer customer check worked together, and corporate sales and corporate customer service worked together.

Geographic Structure: Geographic structure groups employees together based upon specific geographic location.

Matrix Structure

Matrix structure groups workers by both purpose and product. This structure can combine the best of both separate structures. An example would be a corporation that produces two products, "product a" and "product b". Using the matrix structure, this corporation would organize functions within the company as follows: "product a" sales department, "product a" customer service department, "product a" accounting, "product b" sales department, "product b" customer service department, "product b" accounting department. Matrix structure is the mainly complex of the different organizational structures.

Conclusion

Finding the organizational structure that is best for a particular company is very important. Using the wrong structure can result in poor communication, poor product development, poor customer service, and a myriad of other business problems. Any of these things can be detrimental to a company and could result in lost revenue or even complete failure of the company.