

Organisational structure

Every organisation made up of more than one person will need some form of organisational structure. An organisational chart shows the way in which the chain of command works within the organisation.

The way in which a company is organised can be illustrated for a packaging company. The company will be owned by shareholders that choose directors to look after their interests. The directors then appoint managers to run the business on a day-to-day basis. In the company structure outlined above:

The Managing Director has the major responsibility for running of the company, including setting company targets and keeping an eye on all departments.

The Distribution Manager is responsible for controlling the movement of goods in and out of the warehouse, supervising drivers and overseeing the transport of goods to and from the firm.

The Production Manager is responsible for keeping a continuous supply of work flowing to all production staff and also for organising manpower to meet the customers' orders.

The Sales Manager is responsible for making contact with customers and obtaining orders from those contacts.

The Company Accountant controls all the financial dealings of the company and is responsible for producing management accounts and financial reports.

Structures

Other organisations will have different structures. For example most organisations will have a marketing department responsible for market research and marketing planning. A customer services department will look after customer requirements. A human resources department will be responsible for recruitment and selection of new employees, employee motivation and a range of other people focused activities. In addition there will be a number of cross-functional areas such as administration and Information Technology departments that service the functional areas of the company. These departments will provide back up support and training.

Organisations are structured in different ways:

1. by function as described above
2. by regional area - a geographical structure e.g. with a marketing manager North, marketing manager South etc
3. by product e.g. marketing manager crisps, marketing manager drinks, etc
4. into work teams, etc.

Reporting in organisations often takes place down the line. An employee might be accountable to a supervisor, who is accountable to a junior manager, who is then accountable to a senior manager - communication and instructions can then be passed down the line.