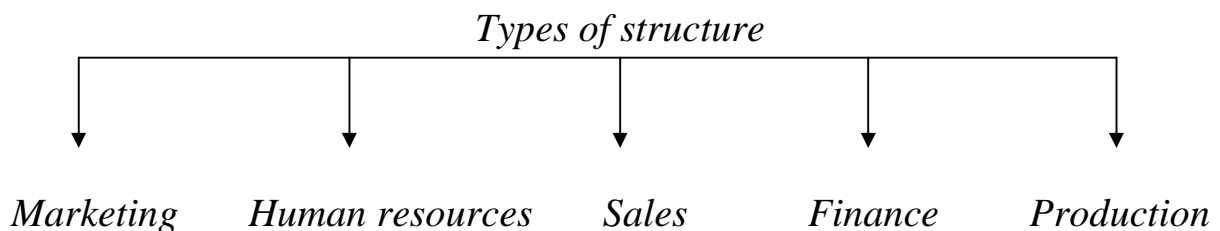


The structures in business

In the world of money, economy and business, you come across many types of infrastructures. This keeps the business organised, running smoothly as well as profitably. To become a successful business, you must be one which expands when needs to, and create a structure which suits you and your businesses needs. If a business didn't have a structure then that would mean that they wouldn't have a manager or any discipline and this would eventually lead the business into the ground. They also wouldn't know who is who and what person does what jobs. In today's day and age, you get many businesses using sophisticated and unique structures.

A structure in terms of business is a type of hierarchy which has the director at the top and as you go down, you see the decrease in the status of the workers. This could mean you have the directors at the top and the floor cleaners' right at the bottom. These structures will be discussed in further detail as you progress in this piece of writing. The first structure I am going to discuss is Structure by function. When it is by structure, you have 5 functional areas called 'Marketing', 'Human resources', 'Sales', 'Finance' and 'Production'.

By Function



The Marketing section in a business is responsible for putting the selling product onto the market.

The Sales department is responsible for selling the product and is very similar to the marketing section.

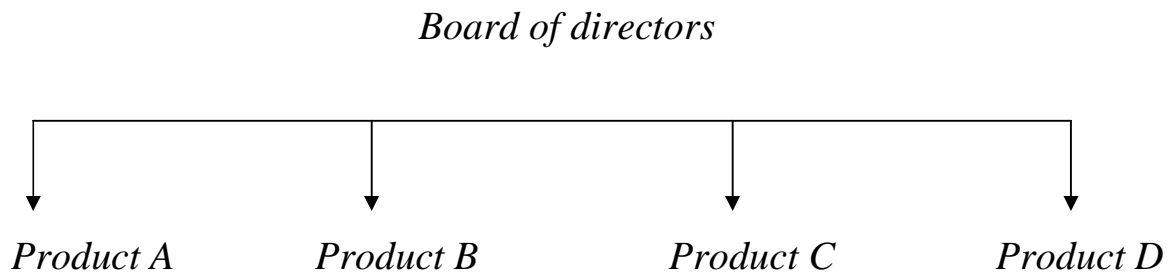
The Human resources does the recruiting, sanctioning, firing and problem sorting. They also deal with queries of the workers and deal with any complaints and issues staff may have.

There is also a Finance department and they are responsible for paying wages, calculating incomes and collecting money.

Finally you have a Production department and they make the product which is to be put on the market by the marketing department.

After the Functional structure, you have a structure by product. This is for example Richard Branson's company Virgin where you may sell one the Phone in one building and have a separate building elsewhere because the product is different. This would in the separate building you may have Virgin producing Music to sell at Virgin Mega-stores.

By Product

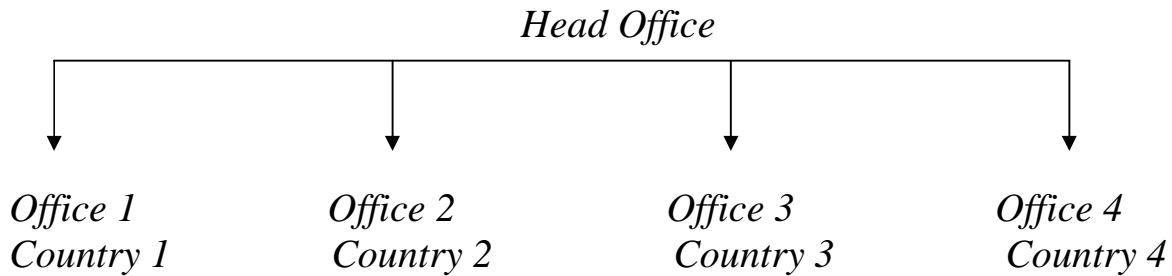


In each of the buildings for each product, you still have functional areas but these may be smaller and co operative with the each of the other functional areas and may even have a head office where main issues are dealt with and decisions are made.

Following on you then have a structure which is divided by geography. This is when businesses are divided into countries or cities but this depends on where it operates. This maybe how a Ferry company may work. If a company had a building in Switzerland, Germany and the U.K and you wanted to catch a ferry from the U.K to Switzerland, you can talk to the U.K branch and not have to ring abroad to get a cheaper option. You can also get this occurring when you have a product that you want to sell in

a different country. If the product is being sold well, then the company may stop shipping the product but consider expanding the business there so it becomes more publicised.

By Geography



When a structure is used through geography, it tends to be a large company but it is also hard for communication and for people to know where they stand. Subsequently you have structures by market. These companies have functional areas but they are in different markets. The hierarchies in these sorts of companies all form together to make one big on. The 3 sections that it can get split into are:

- 1.) Sales to the Industry*
- 2.) Sales to the Consumer*
- 3.) Sales Internationally*

You then also have a structure by entrepreneur. This sort of business is started from one person and his idea. He then puts his plan to work, hiring people and getting his product on the market. Lastly, you get a structure by cluster. This is usually a limited period business. This means their product is only available on the market for a limited period of time before it becomes no longer available. But what tends to happen is that if it is popular and in high demand, the limited period would extend or another business will buy the right to manufacture a similar product.

So far we have discussed structures by function, product, geography, market, and entrepreneur and by cluster. But then you have a flat and short structure hierarchy. You may have a chain of communication which occurs with orders at the top and people responding as you go down.

A tall hierarchy structure is one which is tall and thinner than a flat hierarchy. In a longer hierarchy communication is longer and slower, but people know where they stand and what they need to do to fulfil their position. You often come across flatter hierarchy structures when the company is smaller and there is more team work. Communications on this level tend to be quick and easy. You often come across periods of time when you have a silos. This is when a company finds itself with managers or people on a horizontal section of the hierarchy but they are not communicating. On the contrary you have a matrix system because it contradicts a silos and this means there is more communication horizontally rather than vertically. If you had a flatter system, it would be more flexible than a convenience hierarchy. People are more suited to a flatter environment if they are flexible workers and they can work with people with higher and lower statuses. This is why people find it difficult to understand where they are in the company community. Tall structures were more common traditionally and can still be found in the bigger and more public companies, but the newer business chain are using the more flatter system.