

MNGT-C1010

ORGANIZATION DESIGN

Module 1: Workshop prep – Archetypes & metaphors

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Aalto University



MODULE 1: Basics of organization design

Themes: Introduction and practicalities. Organization design basics. Recognizing archetypes and design components of organization design.

Learning objectives: After the module, you are able to define what an organization and organization design is. You are also able to describe different archetypes and metaphors of organization and analyze basic forms of organizational configuration – simple, functional, divisional, and matrix (including their hybrids).

Mandatory readings:

Burton, R. M., Obel, B., & Håkonsson, D. D. (2021). Organizational design. Cambridge University Press. 3rd edition – Chapter 1

Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman Jr, H. J. (1978). Organizational strategy, structure, and process. Academy of management review, 3(3), 546-562.

MODULE 1: Readings & Sessions

Tuesday 13-15 – Lecture - U356 (ALMA MEDIA)

Themes: Organization design basics.

Readings: Burton, R. M., Obel, B., & Håkonsson, D. D. (2021). Organizational design. Cambridge University Press. 3rd edition – Chapter 1

Thursday 13-16 – Workshop - U356 (ALMA MEDIA)

Themes: Recognizing archetypes and design components of organization design.

Readings: Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman Jr, H. J. (1978). Organizational strategy, structure, and process. Academy of management review, 3(3), 546-562.

Optional: Reeves, M., Levin, S., & Ueda, D. (2016). The biology of corporate survival. Harvard business review, 94(1), 2.

Discussion on the readings

Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman Jr, H. J. (1978). Organizational strategy, structure, and process. *Academy of management review*, 3(3), 546-562.

Discuss in pairs:

- What did you find most interesting?
- What questions arose?

Focus of the day

We aim to address the following questions:

1. What are the most basic organizational forms?
2. What are useful metaphors for organizations?

Organizational Forms



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Organizational Forms

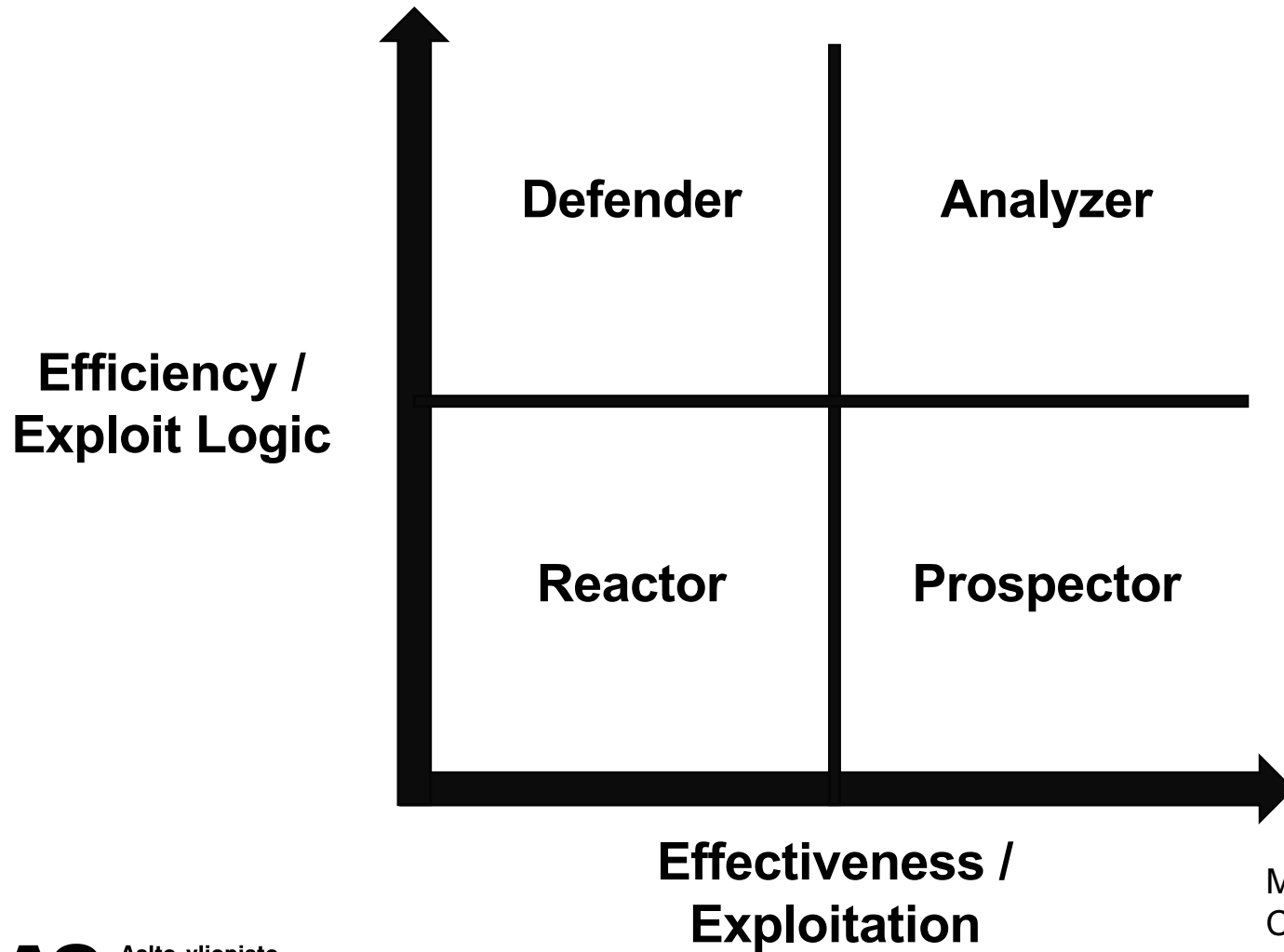
These are blueprints – they help to understand fit

There is no perfect or optimal structure – multiple right answers / no right answers

Each type has its advantages and disadvantages – there are always trade-offs

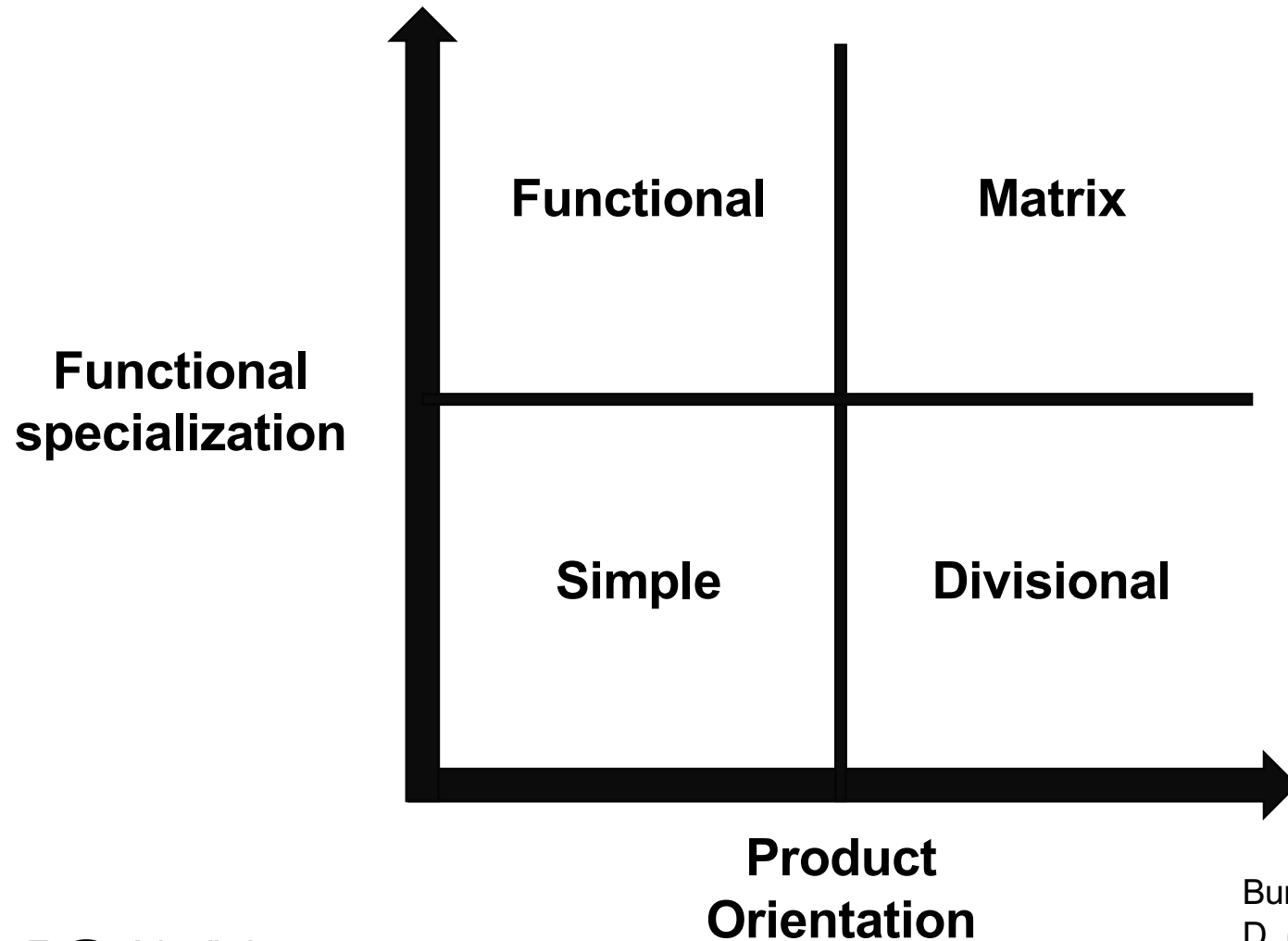
Each organization is a hybrid – a blend of these forms

Basic Strategies



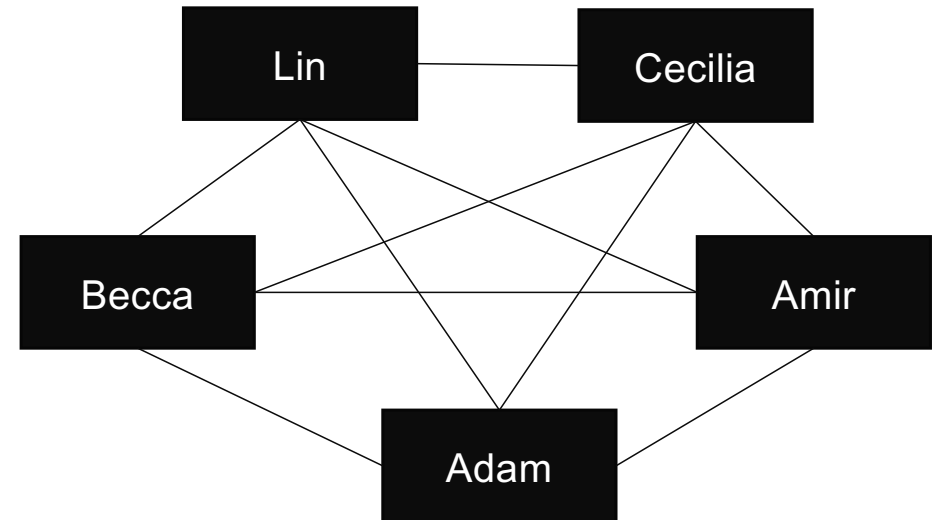
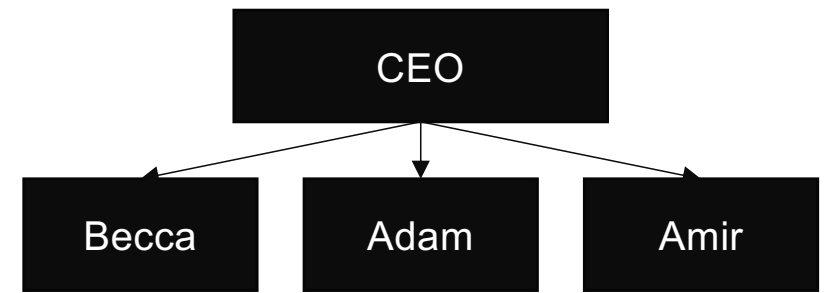
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Basic Forms to Fit



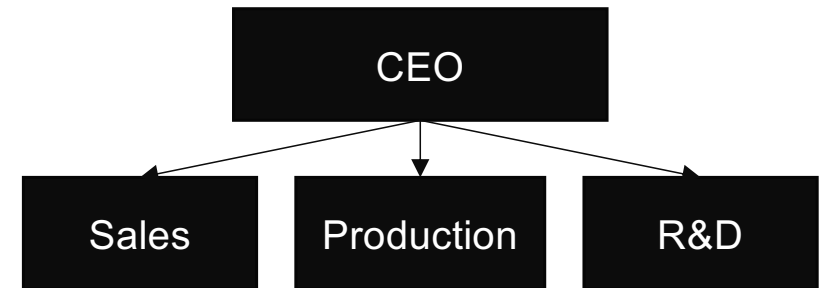
Basic Forms - Simple

- No unit structure
- No specialization (no exploitation)
- No product orientation (no exploration)
- Example – Small 1st stage Startups, small restaurants, school group work...
- Can have hierarchy or no hierarchy
 - CEO led
 - Co-led

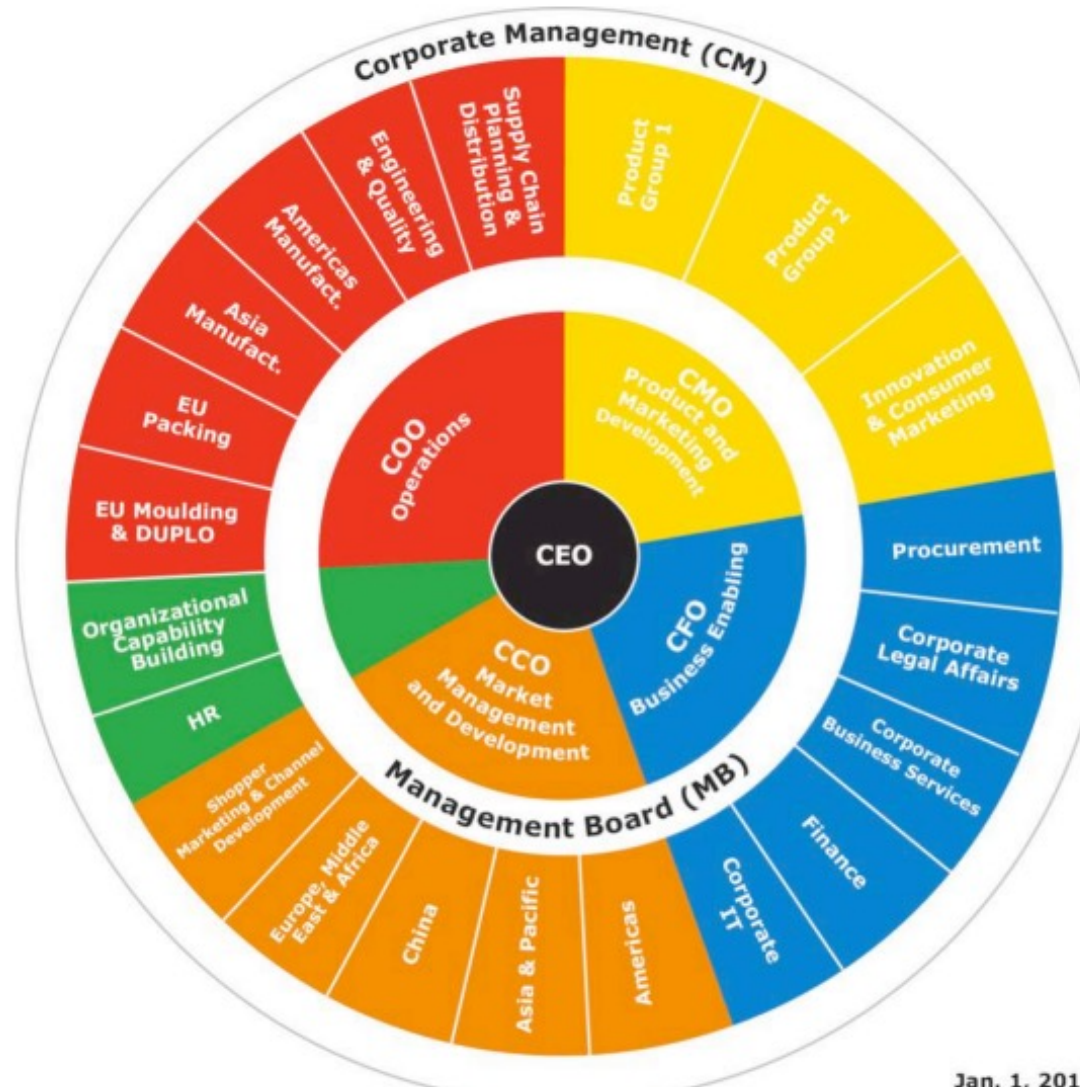


Basic Forms - Functional

- **Clear unit structure – Departments based on specialization**
 - Sales, production, R&D, marketing ...
- **High specialization (high exploitation)**
- **Little product orientation (low exploration)**
- **Example – Typical for large companies with long histories**
- **Most often clear hierarchy, harder to make work with low hierarchy**

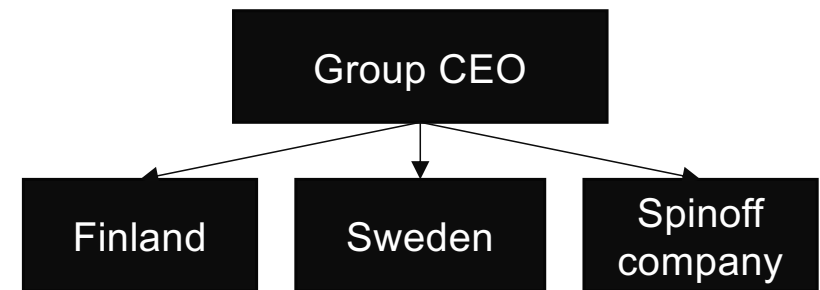


Functional – Lego Group 2016

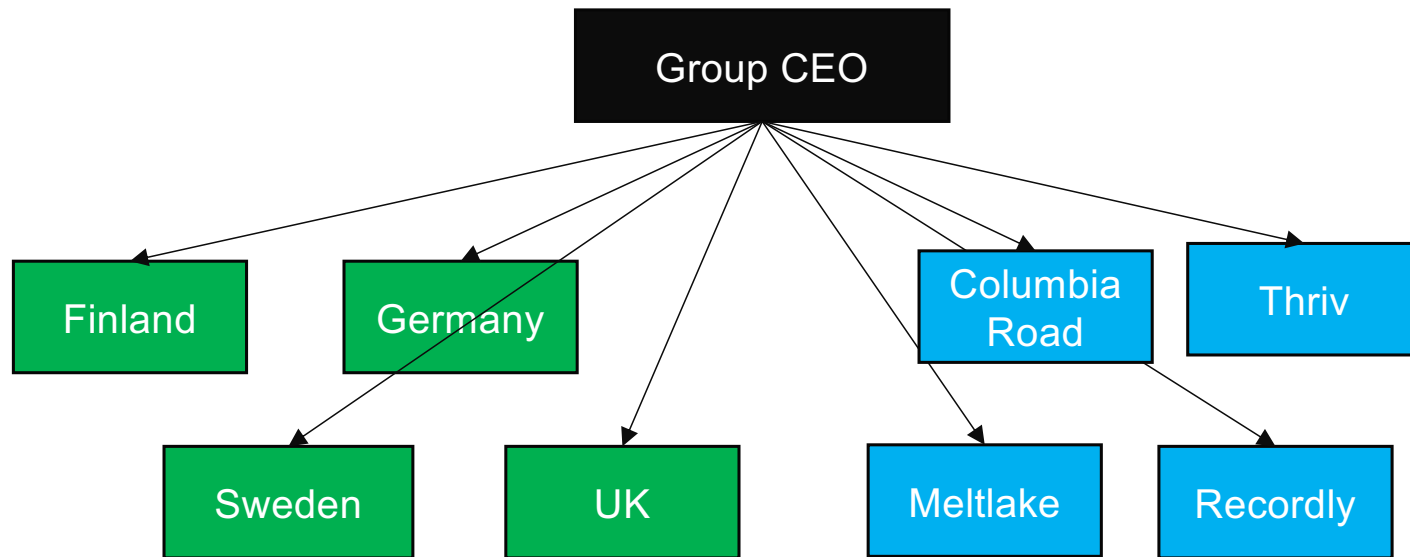


Basic Forms – Divisional/Segment

- **Clear unit structure – Departments based on go-to-market**
 - Independent product or country
- **Little specialization (Low exploitation)**
- **Heavy product orientation (High exploration)**
- **Example – Country divisions in consultancy company**
- **Most often clear hierarchy, but can also work with low/no hierarchy**
 - CEO led
 - Self-managed organization

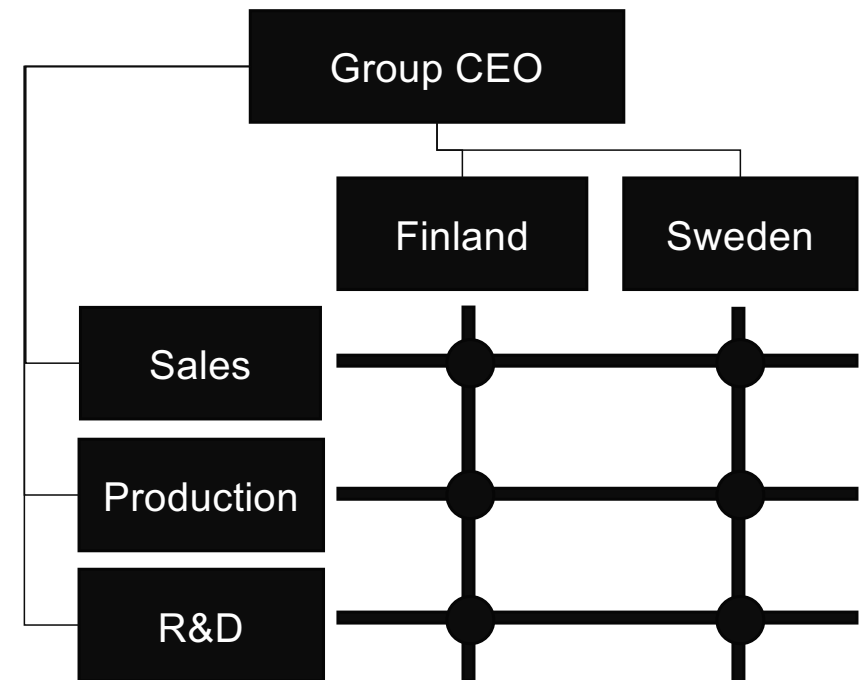


Divisional – Futurice Family

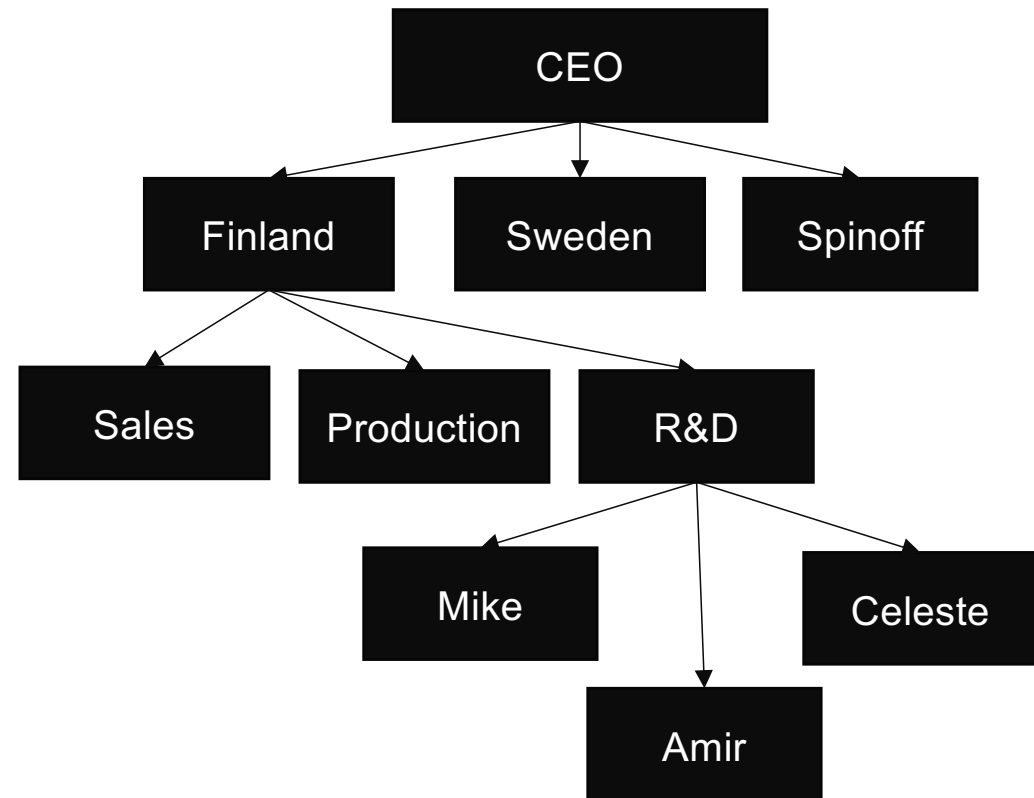
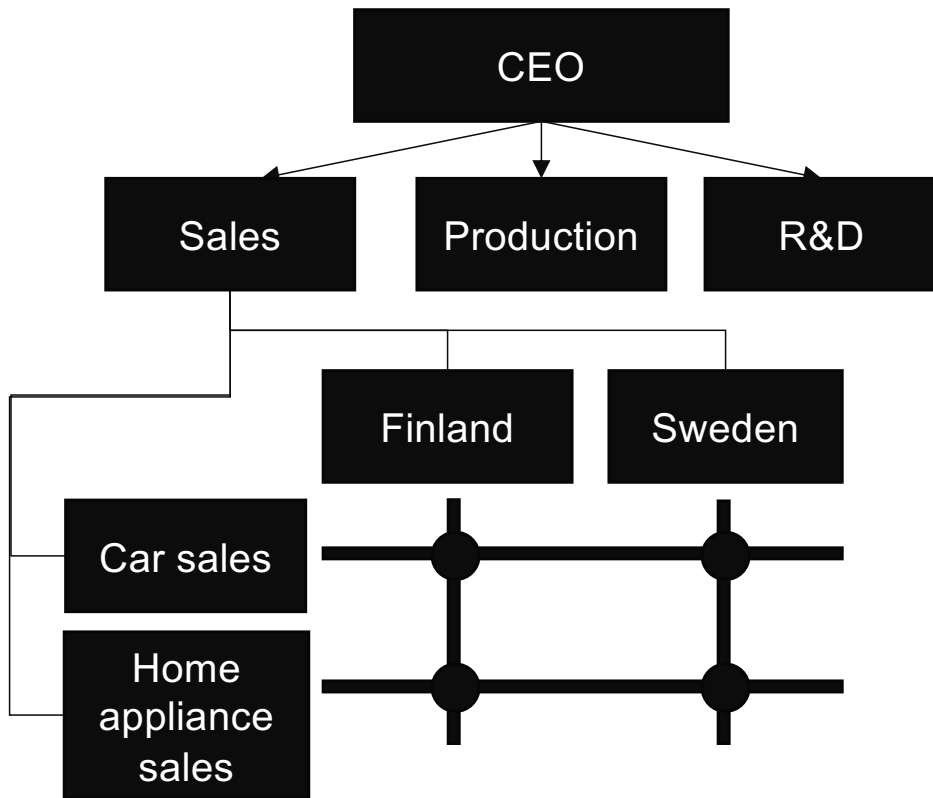


Basic Forms – Matrix

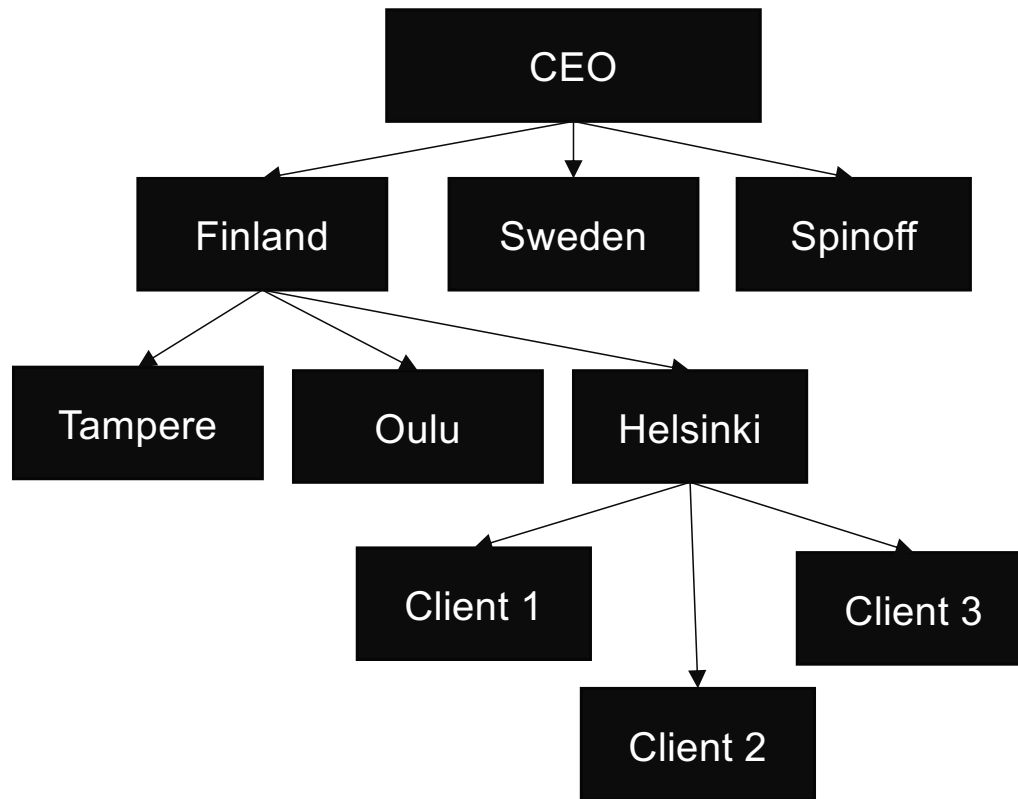
- Clear unit structure – Departments based on go-to-market & specialization
- High specialization (High exploitation)
- Heavy product orientation (High exploration)
- Example – Country divisions and cross-country competence divisions in a consultancy company
 - Everyone has two bosses
- Most often clear hierarchy, harder to make work with no hierarchy



Different Forms can be nested



Can also be the same throughout



Assessing the strengths

Functional works best when..

- Aim is in producing standardized good/service (limit variance)
- Demand for the good/service is stable (i.e. customer needs don't change)
- Similar products have been done in the past (clear solutions)

Divisional works best when..

- Aim is in producing customized good/service (aim for variance)
- Demand for the good/service is evolving (i.e. customer need changes over time)
- Creating new products/services that (unclear solutions)

Matrix works best when..

- Aim is producing customized goods more effectively or increase variance in a standard good
- Demand is versatile (some stable, some evolving)
- There are both “exploit” and “explore” needs in the products

Constant evolution

- **Companies change their form over time**
 - Typical: Functional -> Divisional
 - Typical: Divisional -> Matrix
 - Typical: Functional -> Matrix
 - Sometimes: Matrix -> Divisional
- **Can evolve on different levels (remember the nested nature)**

— Organizational Metaphors



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Metaphors

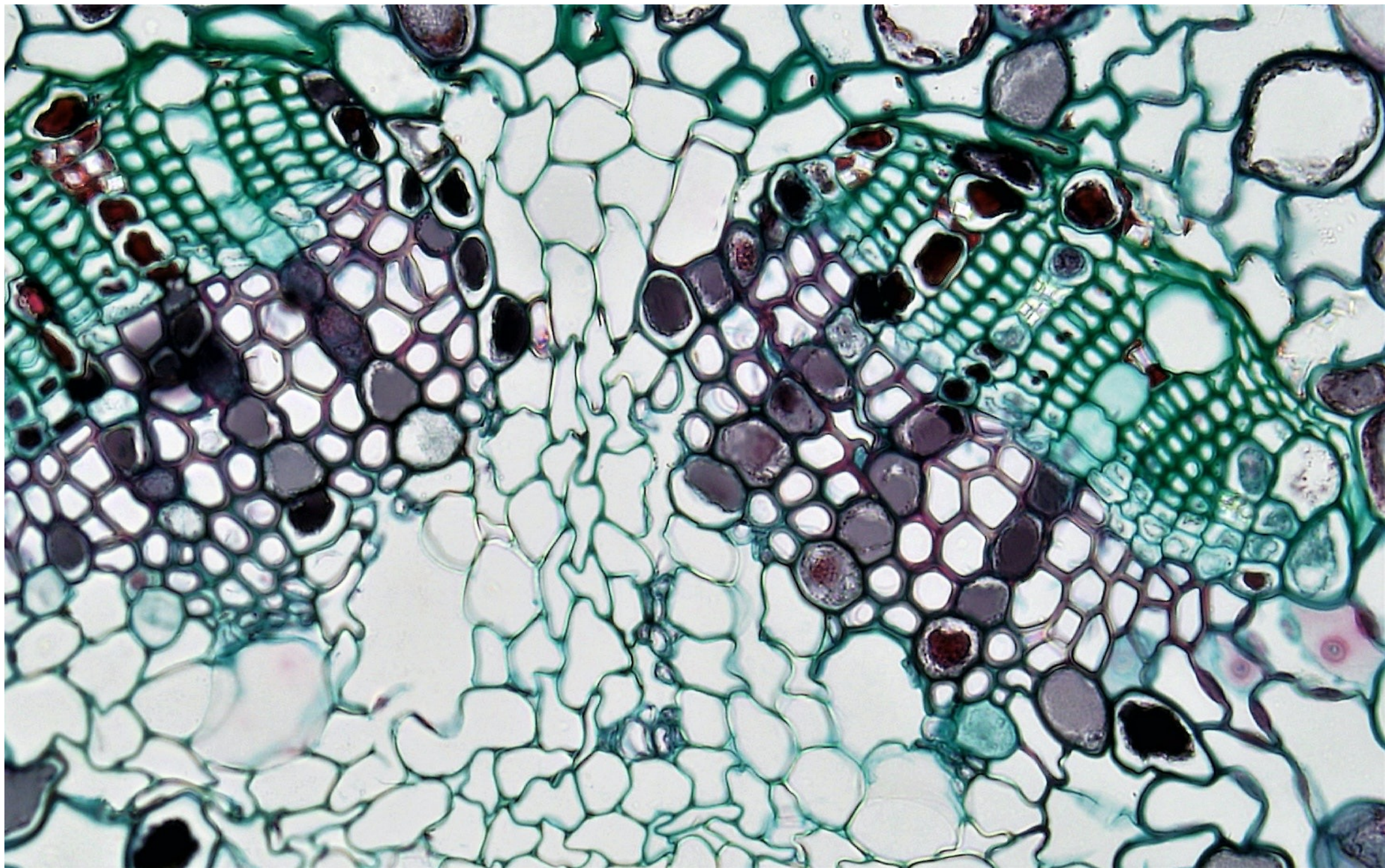
- Metaphors are verbal mappings across conceptual domains. They explain a concept by borrowing concepts from other contexts (Lakoff, 2008).
- Examples:
 - Time is money
 - That was a rollercoaster of emotions
 - Employees are human capital
 - European Central Bank is only in its infancy
- Changing metaphors offers an interesting way to illuminate our taken-for-granted assumptions.

Metaphors in Organizations

- **Useful tool to highlight our assumptions about organizations**
- **Useful tool to investigate certain aspects of organizations (giving emphasis on the other while belittling the other)**
- **Example metaphors for organizations (Auvinen et al. 2018):**
 - Machine
 - Organism
 - Brain
 - Flux & transformation
 - Culture
 - Political system
 - Instrument of domination
 - Psychic prison
 - Carnival
 - Riot







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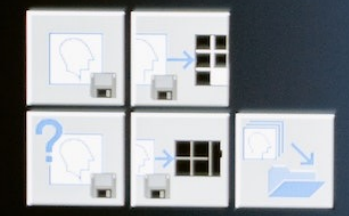
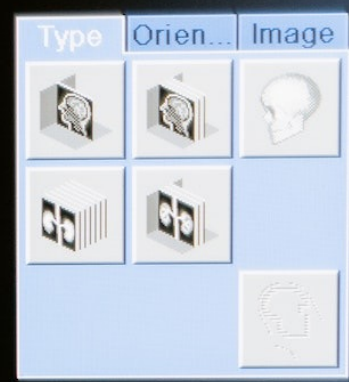
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BW 100.0
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Exam Viewing Filming 3D















References

- Auvinen, H., Dufva, M., & Koivisto, R. (2018). Metaphors to describe and explore platform company strategies.
- Burton, R. M., Obel, B., & Håkonsson, D. D. (2021). Organizational design. Cambridge University Press. 4th edition
- Lakoff, G., & Johnson, M. (2008). Metaphors we live by. University of Chicago press.
- Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman Jr, H. J. (1978). Organizational strategy, structure, and process. Academy of management review, 3(3), 546-562.

Thank You!



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