



CARICHAM
Centre of Excellence



OPERATIONAL EXCELLENCE

Structures
&
Systems

Overview

Miriam-Webster dictionary definitions of "structure" include:

1. Something arranged in a definite pattern of organization
2. Organization of parts as dominated by the general character of the whole
3. The aggregate of elements of an entity in their relationships to each other

Miriam-Webster defines "system" as:

1. A regularly interacting or interdependent group of items forming a unified whole
2. An organized or established procedure
3. Harmonious arrangement or pattern

When we think of business structures we think of either legal structures or functional structures. In operational excellence we think of eliminating variability and being as efficient as possible within our business structure. When we start thinking of the organization as a system it becomes a little more complex.

This document shares information on both legal and functional structures, and systems thinking, in a way that is simple and easy to understand. This is to help you to select or reflect on your structure and system going forward. Armed with simplified information, you can be a leader who selects the structure, system and strategy to win in your field!

Introduction

The business structure is a government classification that regulates certain aspects of your business.

The operational structure is how you get things done.

The system is inter-related operational parts.

Business Structures

Sole Trader

Partnership

Limited Company

Corporation

Operational Structures

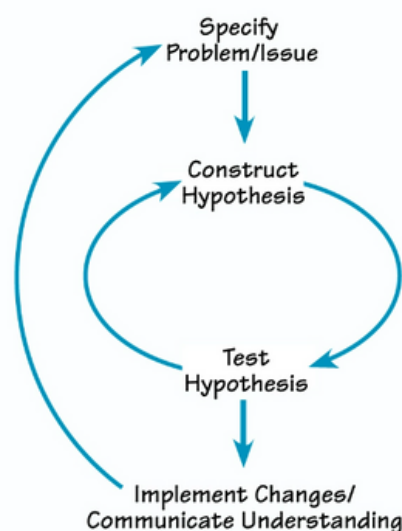
Functional

Divisional

Flat

Matrix

Systems Thinking



Legal Structures

The business structure is a government classification that regulates certain aspects of your business.

Business structure impacts things like taxes and liability.

The 4 basic types of business structures are:

| | | | |
|----------------------------|-----------------------------|---------------------------|--------------------------------|
| Sole Trader | Partnership | Limited Company | Corporation |
| One Person is Owner | 2 or more are Owners | Members are Owners | Shareholders are Owners |

Watch the video below to learn more or contact a lawyer



Operational Structures

The operational structure is how you get things done.

Operational structure impacts things like authority, communication, management, competition, and so on.

4 basic types of operational structures are:

Functional

Divided into specialized groups with specific roles and duties

Divisional

Various teams works alongside other other towards achieving a common goal.

Flat

Few middle managers or no middle managers between staff and executives.

Matrix

Teams report to 2 managers. One is functional and the other is usually project/product related.

Functional Structures

Also known as the bureaucratic structure, functional structures are often found in small and medium sized businesses.

Many companies are divided into departments like production, human resources, marketing, finance/accounting and so on.

Each of these departments then have a manager.

Each department manager is supervised by an administrator who supervises several departments.

Divisional Structures

Various teams work side by side towards a single common goal. This structure is often found in larger companies.

An example is a clothing or shoe company that may have casual, formal and athletic wear divisions.

Each division is run by an executive who manages its budget, operations and allocates resources.

While each division has its own function, they all work together towards the common goal of making sales.

Flat Structures

Small organizations and start-ups fewer employees often have flat structures. There are few to no middle managers.

Google is an example that, although large, is famous for the flatness of its structure which allows for creativity to flourish.

With flat structures employees can move up and down within the company as needed.

Employees have more autonomy and may feel more motivated, productive and responsible.

Matrix Structures

Employees are divided into teams that report to two managers.

Matrix is essentially a combination of various structures. There is duality and sharing of resources.

Each of these departments then have a manager.

Employees have opportunities to broaden their skills and experience since they are likely to be on different projects.

Systems Thinking

"A discipline for seeing wholes"

-Peter Senge

A framework for seeing inter-relationships rather than individual parts of functions

A focus on patterns of change rather than snapshots in time

A tool to solve complex problems, to increase innovation.

What is the process?

Specify the issue or problem to be explored or solved

Construct theories to explain the problems

Test the problems using models

Innovation

Big Picture Perspectives

Leaders who use the systems thinking approach see beyond their team, division and even beyond their organization

Opportunities vs Problems

Covid19 demonstrated how innovative leaders pivoted and created opportunities for employees to continue with flexibility.

Rapid Change

Systems thinking looks at the small changes that can be made, resulting in rapid and/or impactful changes.