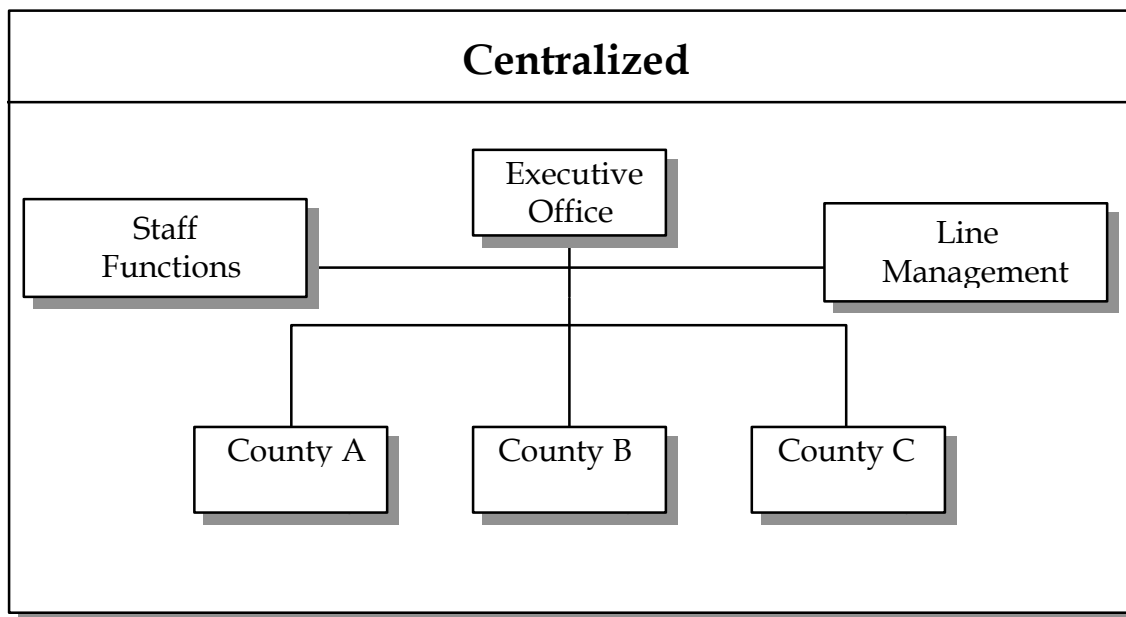


## Centralized Organizational Model

The Centralized Organizational Model is recommended for an organization that has similar products or services, common channels of distribution, and a single to a few core competencies (e.g., HIV prevention services or domestic violence support services.) This type of organizational structure retains very strong central control. All operating policies are determined at the corporate level.

In the following example, control would be centralized at the Executive Office level and the programs and services be segmented by some geographic area e.g. county, community, or region. By choosing this option, an organization could tailor its services according to the unique opportunities and assets of each county's communities while retaining critical mass at the organization level.



### Advantages

- Uniformity of command
- Efficiencies created through economies of scale
- Creates a predictable internal environment

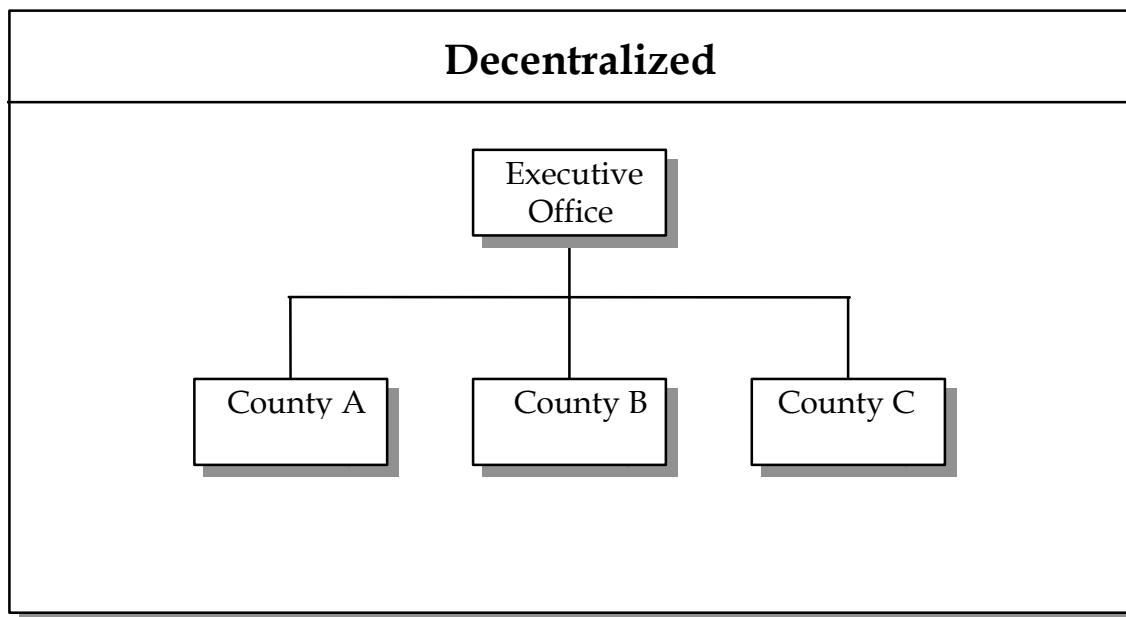
### Disadvantages

- Effective in static or highly regulated environments
- Unresponsive to dynamic external environment
- Ineffective at utilizing the creativity of lower level employees, thereby reducing morale
- Favors a "command and control" style of leadership

## *Decentralized Organizational Model*

In the Decentralized Organizational Model, an organization typically has a small corporate staff with autonomous business units and decision-making authorities. Operating decisions are made within the business units. Corporate policies and overall financial goals are established at the corporate level.

In the example below, assuming a geographic model, the autonomous business units could be divided by county, community, or other geographic boundary. A small cadre of corporate officers would offer guidance and establish policies and financial goals at the home office. Each county would be largely autonomous, making their own operational decisions. This option would work identically when substituting other geographic options (i.e. communities, regions etc.)



### Advantages

- Highly responsive to dynamic external environments
- Increases individual autonomy, thereby increasing morale
- Able to meet client needs in a more customized fashion
- Self-contained and controlled locations
- High geographic visibility

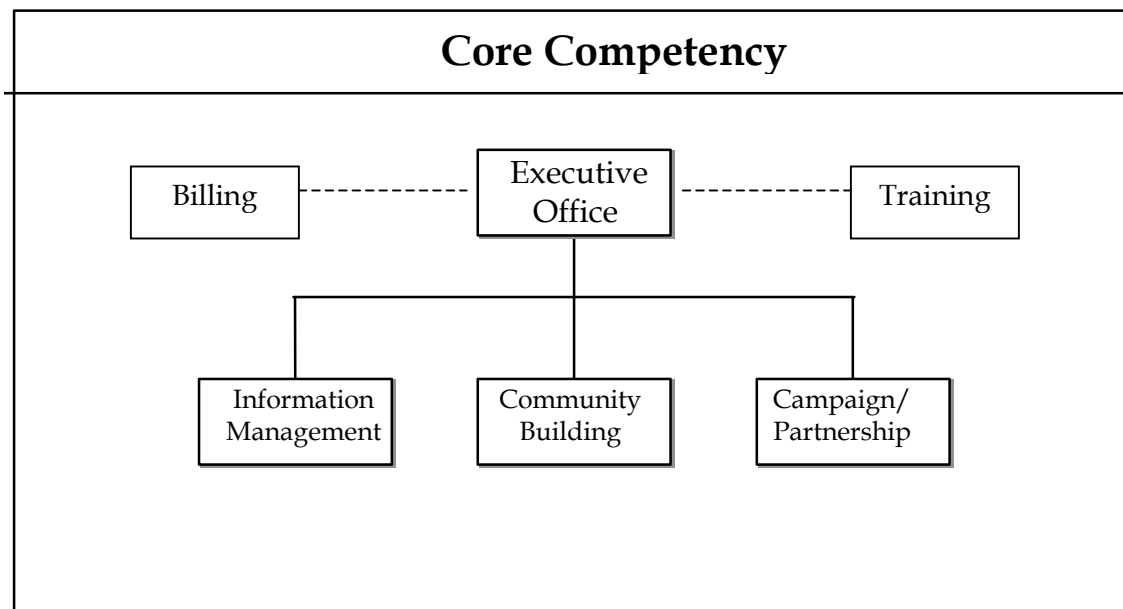
### Disadvantages

- Costlier than centralized operations
- More difficult to control
- Creates problems of coordination
- Locations often in competition
- Resources often duplicated
- Lack of learning across locations
- Lose critical mass, specialization by discipline or function

## *Core Competency Organizational Model*

The Core Competency Organizational Model is best suited for small- to medium-size organizations with common or similar products or services. This structure allows the organization to focus on its core competencies.

In the example below, the organization could concentrate on certain competencies e.g. Information Management, Community Building, and Campaign/Partnership, while outsourcing Billing/Audit and Training. By focusing on what it does best, the organization would not dedicate resources to those functions that could be more efficiently performed by outside enterprises.



### **Advantages**

- Differentiates organization from competitors based on core competencies
- Focuses on the things that the company does best
- Highly efficient, streamlined
- Frees resources for core competencies

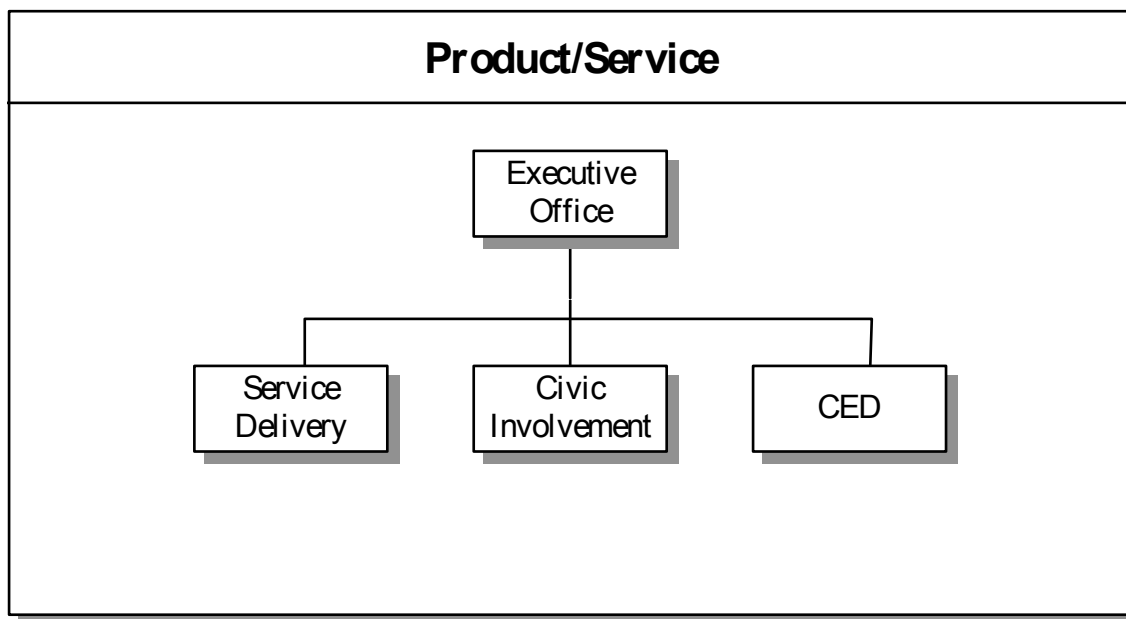
### **Disadvantages**

- Organization may fail to capitalize on business opportunities outside of competency areas
- Loss of cultural continuity across the organization
- Loss of control over outsourced functions if contractual relationships are not well defined

## *Product/Service Organizational Model*

The Product/Service Organizational Model is recommended for an organization that has similar products or services, common channels of distribution, and clear market segmentation. An organization with this type of structure has fairly fixed organizational boundaries, stable customers, and clarity of responsibilities and roles. Product, service, and market diversity drives this structure -- it focuses on the development of products and services. Responsibility for all of the functions required to produce each product or service offering can be pinpointed at the department division level.

In the example below, the three service groups would be made up of service-specific cross-functional teams. For example, Community Economic Development would be made up of CED-dedicated specialists who would be able to perform all of the functions within CED. The staff functions would not be shared among divisions.



### Advantages

- Allows for products and services to be tailored to the needs of customer segments
- Co-ordination easier due to clear focus on products and services
- Greater influence of those concerned with products services
- Priorities clearly set
- Clear accountability to account manager

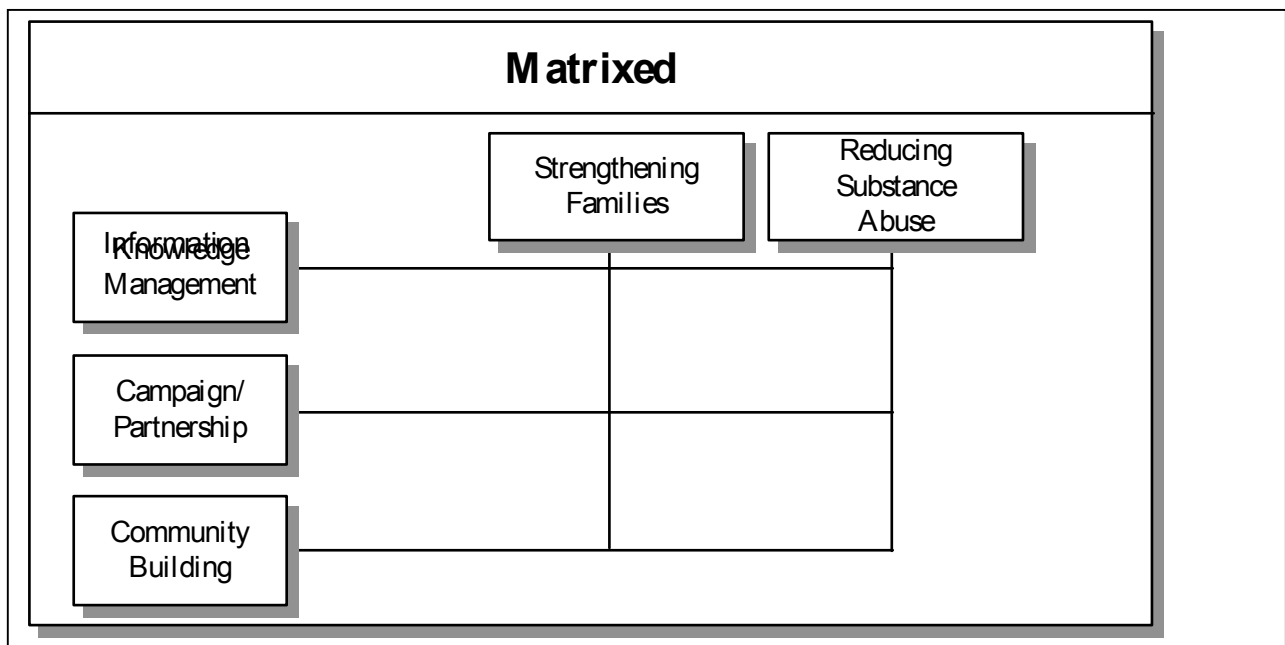
### Disadvantages

- Focus on products, not customer values
- Functional expertise divided along product/service lines
- Resources often duplicated
- Products often in competition
- Lose critical mass, specialization by discipline of function
- Continual replication of structure as new products are developed
- Less sharing of resources across divisions

## *Matrixed Organizational Model*

In a Matrixed Organizational Model, an organization would share staff and line functions. Service groups would be responsible for defining, developing, and marketing an organization's services. Both a service manager and a functional manager would be held responsible for project success. This would leverage the strengths of both areas toward reaching a common goal. This model is most commonly used when an organization wants both to benefit from the use of teams and to maintain the technical expertise of functional departments.

In the example below, managers would be focused on meeting one of the four community outcomes, e.g., strengthening families. Service group team members would report to two managers: the functional manager and the outcome manager. Accordingly, this structure would require tremendous coordination among all involved parties.



### **Advantages**

- Makes specialized, functional knowledge available to all projects
- Direct contact replaces bureaucracy
- Maintains consistency between departments/projects by forcing communication between managers
- Uses people flexibly (i.e., pools of specialists), thus creating efficiencies
- Managers developed through involvement in decision-making
- Collaborative and participative
- Complex client needs met

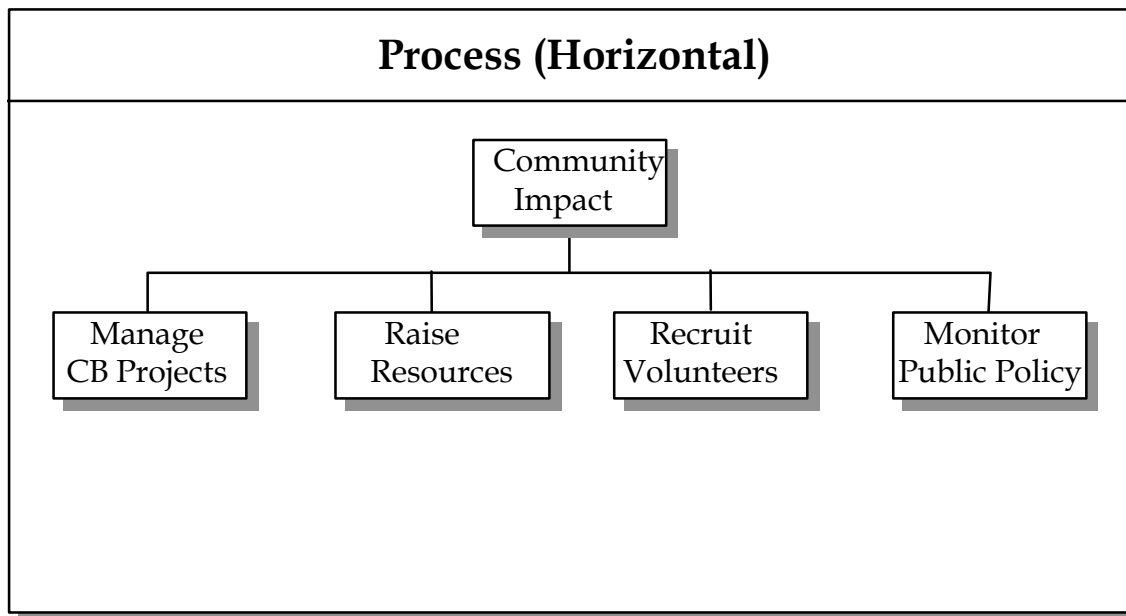
### **Disadvantages**

- Difficulties of working for "two bosses", subordinates might play one boss against another
- Need to work in ever changing teams
- May reward political skills rather than technical skills
- Difficult to introduce without a pre-existing supportive management climate
- Without power balancing between product and functional forms, overall performance lowered
- Confusing job tasks and responsibilities

## *Process (Horizontal) Organizational Model*

In a Process, or Horizontal, Organizational Model, people are aligned by processes not functions or tasks. This type of structure applies to organizations, with a few core competencies (e.g., community building), and strong pressures to perform.

This structure would use teams to manage most everything, rewarding teams rather than, or in addition to, individual performance. Process teams would perform all the major activities within a given process. The model lets customers (e.g., communities) drive performance, thus maximizing contact with the customers. For each process, the organization would appoint an internal process owner, create multi-disciplinary teams to run the process, and set specific performance objectives for the process.



### **Advantages**

- Focuses on the community and process outcomes, not tasks -- providing value to the end-user
- Flattens the hierarchy
- Holds process owners accountable
- Minimizes interdepartmental "hand-offs" & maximizes info exchange
- Heightens departmental cohesion
- Allows diversification of skills
- Potential for implementing superior processes

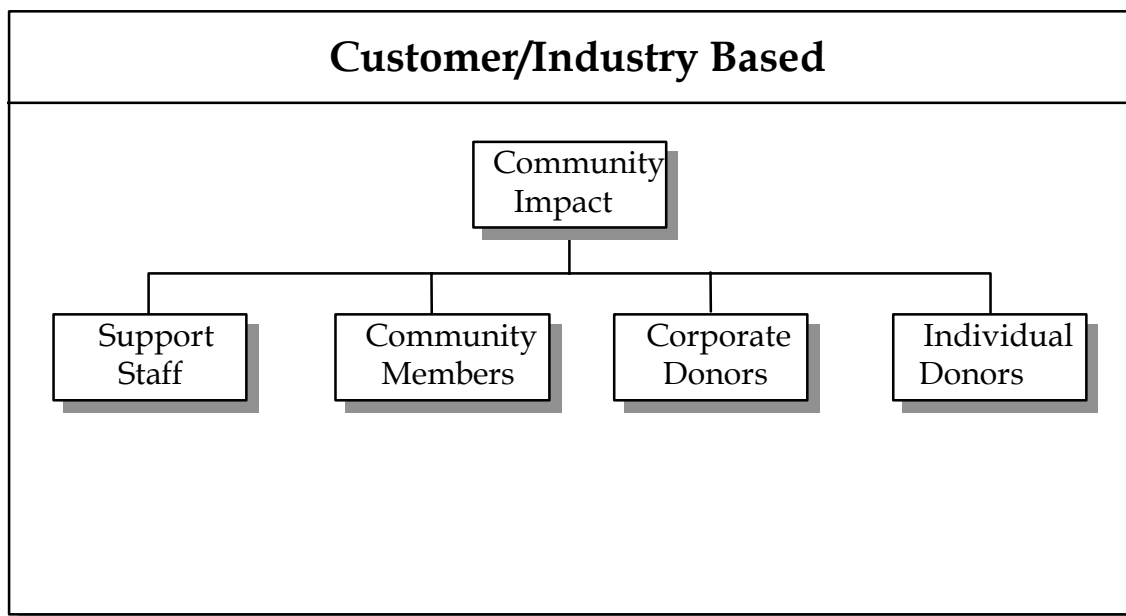
### **Disadvantages**

- Complex multi-task roles
- Need to be able to operate in teams
- Training requirements are high for team members
- Requires empowered culture
- Needs managers with expertise across a range of functions
- Managing groups that are performing diverse tasks can be difficult

## *Customer/Industry-Based Organizational Model*

In a Customer/Industry-Based Organizational Model, an organization goes to market by industry/customer value proposition (e.g., operational excellence, customer intimacy, or product leadership.) Similar to the process model, the customer/industry-based model uses teams to manage most everything.

This model would also let customers groups drive performance and would maximize contact with customers. For each stakeholder (i.e., customer) type, the organization would appoint a manager, create multi-disciplinary teams to serve the customer group, and set specific performance objectives for their work. Most to all technical capabilities would be located in the customer/industry groups, and support staff would be shared across groups.



### **Advantages**

- Allows for products and services to be tailored to the needs of customer segments
- Coordination easier due to clear focus on customer segments
- Greater influence of those concerned with customer segment needs
- Priorities clearly set
- Holds customer managers accountable
- Provides unified front to customer

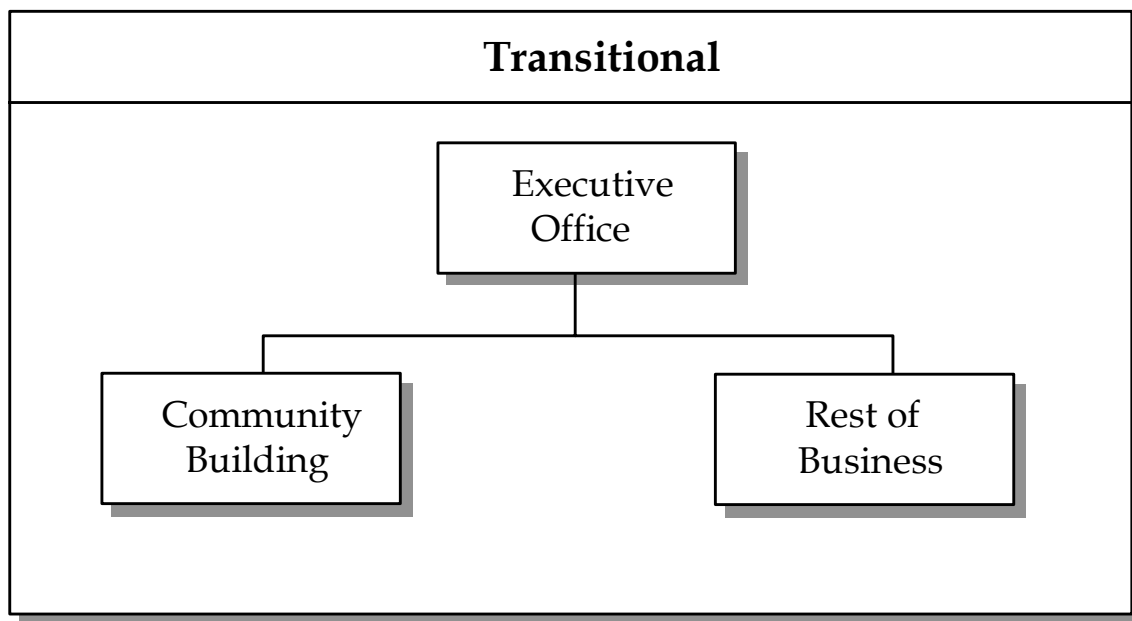
### **Disadvantages**

- Segments often in competition
- Resources often duplicated
- Lack of learning across customer segments
- Lose critical mass, specialization by discipline or function
- Complex multi-task roles
- Employees need to be able to operate in teams

### *Transitional Organizational Model*

In the Transitional Organizational Model, certain internal businesses or functions are segregated from the rest of the business. Policies/procedures are modified to allow for unencumbered decision making. This option is also known as a “satellite” operation.

In this example, Community Building would function as a parallel, yet distinct, organization. Community Building would be kept apart from the rest of the organization to free it from traditional managerial, regulatory, cost, or other constraints. This would allow the community building structure to be tested before transforming the enterprise-wide operation.



#### **Advantages**

- Allows the organization to test new modes of operation
- Promotes creativity and risk-taking in an uncontaminated environment
- Allows organization to enter into new markets without jeopardizing existing market bases

#### **Disadvantages**

- May promote distrust (“we vs. they”) between the larger and parallel organization
- Requires staff to think in non-traditional ways
- Difficult to control and coordinate the operations of both organizations simultaneously
- May be difficult to integrate the separate unit at a later date