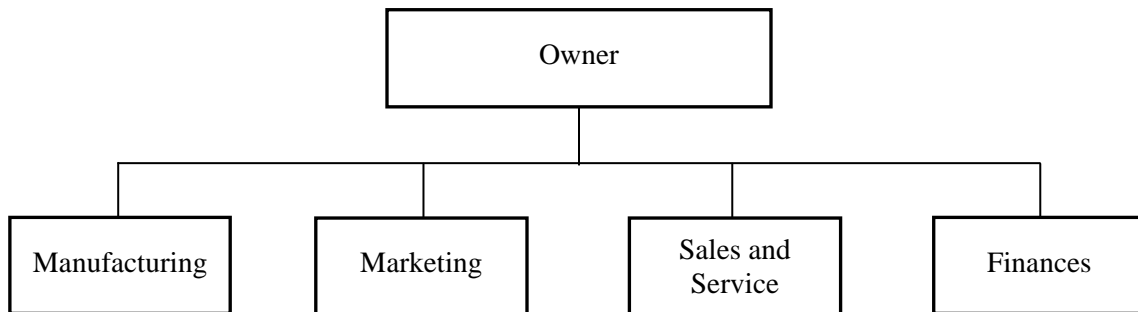




## Traditional Organizational Structures in Businesses

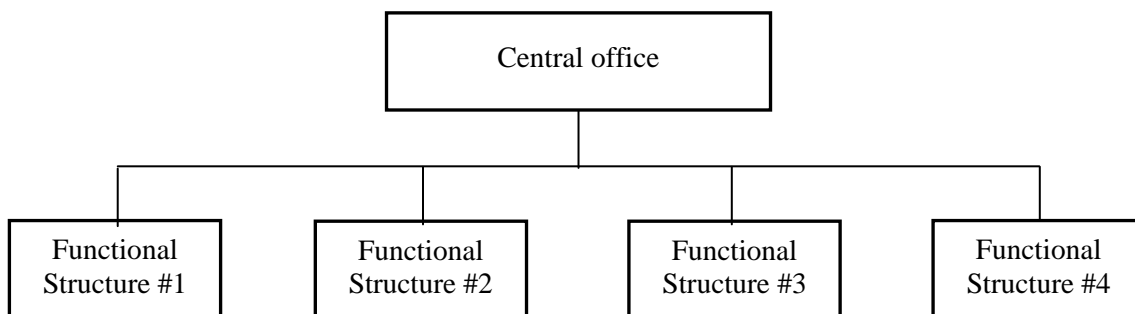
### Functional Structure

Most business organizations start out with a functional structure, or a small variation of this structure. This is the basic "building block" for other operating structures. In this structure, there is an owner, or a central office, which oversees various major functions and/or positions.



### Divisional Structure

In this structure, there is a central office and under it, are various divisions or departments. Each division or department is dedicated to a certain business, product or service which, in turn, often is organized as its own functional structure. Basically, the divisional structure is a bunch of functional structures each of which reports to one central office.



## Matrix Structure

Think of the functional structure. Imagine if you took someone from each of the major functions in the functional structure (for example, from manufacturing or marketing) and organized them into a separate group intended to produce and sell one certain kind of product or service (for example, product #1 or product #2). Members of this group stay together until that product is produced or they continue to sell and service it. This overall structure (made up of a functional structure that also has groups assigned to products and services) is a matrix structure. This structure is useful because it focuses highly skilled people from across the organization to work on a complex product or service. It can be difficult, though, because each person essentially reports to two supervisors: the supervisor of the functional area (for example, manufacturing) and the product manager, as well.

Functions	Product #1	Product #2	Product #3	Product #4
<b>Manufacturing</b>				
<b>Marketing</b>				
<b>Sales and Service</b>				
<b>Finances</b>				