



THE TIMES 100

BUSINESS CASE STUDIES

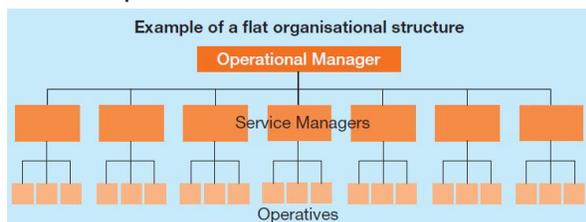
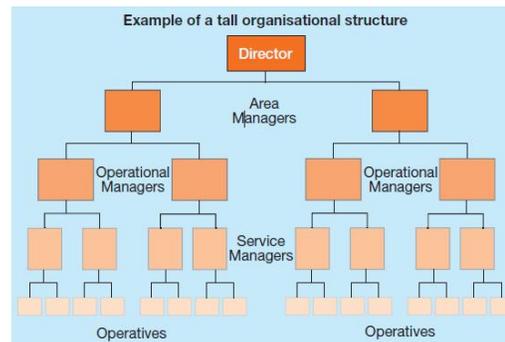
Organisation structure – British Gas

British Gas is a British-owned energy supplier. British Gas is the UK's leading provider of energy and has over 16 million customer accounts. It employs over 20,000 people and was voted one of the 25 Best Big Companies to Work For by The Sunday Times in the UK in 2011. British Gas focuses on building a diverse workforce where employees can fulfil their potential and be rewarded fairly for their efforts. Having the appropriate structure is vital for an organisation to meet its aims and objectives. A business may be structured by:

- **functions** - activities such as customer service, marketing, operations, finance or IT
- **location** - where regional divisions of the business take responsibility for a specific function or particular products, whether locally, nationally or internationally
- **product or services** - where the business is divided.

All organisations have employees working at different levels of responsibility. At the bottom, a business depends on its operatives to produce the products or services. Team leaders often perform the day-to-day management role, with operational managers setting direction and strategy for the business as a whole. The number of employees in each level will depend on the business's organisational structure.

Large organisations, like British Gas, tend to have **tall (or hierarchical) structures**. A tall structure will have many different levels of employees all reporting upwards to team leaders and then up to operational management. It will have a wide chain of command with a narrow span of control. The chain of command refers to the number of levels within an organisation. The span of control is the number of employees who are directly supervised by one person. A tall structure can often lead to slower communication channels and decision-making. British Gas divides its business activities by products (gas and electricity), by services (maintenance and repairs) and also by functions, for example, customer services.



A **flat organisational structure** has fewer layers of management and wider spans of control. This means operatives can access and communicate with managers more easily and quickly. This relies on workers taking more responsibility for decision-making. This can create a more motivated workforce. This

type of structure is often seen in newly set up or smaller businesses. A benefit of this structure is that it allows the business to change rapidly to respond to the market, customers or competitors. However, this only applies if the staff are well trained and capable of making effective responses.

A **matrix structure** pulls together employees who combine the relevant product and functional expertise in order for the business to meet its goals. The people selected come from different levels and departments within the business. This structure can be used in both hierarchical and flat organisations. Matrix structures are frequently used for specific projects. Individual team members may come from different parts of the business, regardless of their location. Once a project is completed, the matrix will be disbanded and a new structure set up appropriate for the next project.



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Questions

1. What is a flat organisation structure?

2. Explain how British Gas divides up its business activities.

3. Explain what is meant by a matrix structure. Give an example of where this might be used at British Gas.

4. Evaluate whether a tall (hierarchical) structure is best for large organisations like British Gas.

Task

Draw up an organisation chart for a small to medium sized organisation of your choice.

When it is completed, answer the following questions:

1. Does the organisation have a tall or flat structure?
2. How many layers are in the hierarchy?
3. Who has the largest span of control and how big is it?

What have you learned?

Deliberate mistake . write a paragraph about organisational structures. Include several deliberate mistakes in your paragraph. Now swap with someone and try to identify the mistakes in each other's work.