

Questions

1. How would you describe J&J's organizational structure?
2. How does J&J balance globalization with a local focus when needed?
3. How can a company like J&J promote consistent ethical behavior across all of its many autonomous operating companies?

VIDEO CASES



Now What?

Imagine being part of a group with the boss and another coworker discussing recently being beat to market by a competitor's new toy line. The boss asks the group what the company could do to prevent something similar from happening again. *What do you say or do?* Go to this chapter's "Now What?" video, watch the challenge video, and choose a response. Be sure to also view the outcomes of the two responses you didn't choose.

Discussion Questions

1. What organizational structures are illustrated in these videos? Explain.
2. How do these videos illustrate the influence of the external environment on organizational design?
3. What other ideas do you have to help Happy Time Toys faster develop and manufacture new toys?

Workplace | Evo: Designing Adaptive Organizations

When ski-enthusiast Bryce Phillips started selling ski and snowboard equipment on eBay, he managed everything—customer care, supply chain, technology, buying, and finance—all from his apartment. Nine years later, Phillips's company, Evo, runs a hugely successful e-commerce site, employs more than sixty people, manages its Seattle flagship store, and operates a 40,000 square foot distribution center. Evo has grown at least 70 percent every year and recently hit \$10 million in sales. To effectively lead this expanding venture, Phillips continually looks for ways to delegate responsibilities to capable managers around him.

As a straightforward business, Evo is well served by its flat, functional structure. A recent companywide meeting showcased this organizational structure. Department heads introduced themselves and their staffs and explained the function of their departments so new employees and the whole company would have a better understanding of how all the pieces of the company fit together.

(Continued)

VIDEO CASES (continued)

Beyond its formal structure, Evo works within a set of core values called “The Great 8,” which provides another important operating framework. The Great 8 includes authenticity, balanced ambition, credibility, style, leadership, respect, communication, and evolución. On Evo’s website, Phillips explained, “Even with all of the changes, many things have remained constant, and we are where we are because we have stayed true to the Great 8. We established the Great 8 to guide us through the decisions, big and small, that we make every day.”

In 2004, when Evo employed only six people, flexibility was a way of life. Everyone wore multiple hats and did everything necessary to get the job done. As the number of employees on payroll approached sixty, it was time to make sure the people who dealt directly with customers possessed the authority and flexibility to deliver excellent service. This organizational soul-searching yielded a new customer care policy titled “Just Say YES!” As a result, customer service representatives now make their own decisions about how to make customers happy.

Today, Phillips is looking for ways to adapt again—this time to the troubled U.S. economy. Luckily, tackling monster moguls on the ski slopes has prepared him for almost anything.

Discussion Questions

1. Is Evo a centralized or decentralized company? Explain.
2. Are Evo’s top managers likely to seek a taller, more mechanistic type of organization to accommodate growth and change? Why or why not?
3. Identify the factors that influence Evo’s organizational structure.

DO WHAT
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END NOTES

¹Stewart, D.R. (2012). American’s Managers Face 4th Round of Layoffs, Tulsa World, June 7. http://www.tulsaworld.com/business/article.aspx?subjectid=45&articleid=20120607_45_E1_Afour600974; Mutzabaugh, B. (2012). Full Text: American CEO’s Letter to Employees Regarding Cuts, USA Today, February 1. <http://travel.usatoday.com/flights/post/2012/02/american-letter/618147/1>; AMR Restructuring News and Information,

American Airlines, 2012. <http://www.aa.com/i18n/amrcorp/newsroom/mn-restructuring-news.jsp>.

²Ketchen, Jr., D. J., Combs, J. G., Russell C. R., Shook, C., Dean, M. A., Runge, J., Lohrke, F. T., Naumann, S. E., Haptonstahl, D. E., Baker, R., Beckstein, B. A., Handler, C., Honig, H., & Lamoureux, S. (1997). Organizational Configurations and Performance: A Meta-Analysis. *Academy of Management Journal*, 40, 223–240.